

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input checked="" type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>City Of Frankenmuth</b>	County <b>Saginaw</b>
Audit Date <b>6/30/05</b>	Opinion Date <b>11/3/05</b>	Date Accountant Report Submitted to State: <b>12/28/05</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>Gardner, Provenzano, Schauman &amp; Thomas, P.C.</b>			
Street Address <b>4855 State Street</b>	City <b>Saginaw</b>	State <b>MI</b>	ZIP <b>48603</b>
Accountant Signature <i>Charles A Thomas CPA</i>		Date <b>12/28/05</b>	

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# Gardner | Provenzano Schauman & Thomas

CERTIFIED PUBLIC ACCOUNTANTS

Frederick C. Gardner  
Giacamo Provenzano  
James R. Schauman  
Heather A. Thomas

## INDEPENDENT AUDITOR'S REPORT

November 3, 2005

Honorable Mayor and Members  
of the Frankenmuth City Council  
City of Frankenmuth  
Frankenmuth, Michigan

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Frankenmuth, Michigan, as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Frankenmuth, Michigan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with United States generally accepted auditing standards and standards prescribed by the State Treasurer. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

City of Frankenmuth  
Page Two  
November 3, 2005

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Frankenmuth, Michigan, at June 30, 2005, and the respective changes in financial position and cash flows where applicable, thereof for the year then ended, in conformity with U.S. generally accepted accounting principles and with applicable rules and regulations of the State Treasurer.

The management's discussion and analysis (identified in the table of contents) is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

The accompanying required supplemental information and other supplemental information, as identified in the table of contents, are not required parts of the basic financial statements. The required supplemental information is information required by the Governmental Accounting Standards Board; the other supplemental information is presented for the purpose of additional analysis. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Frankenmuth, Michigan's basic financial statements. The required supplemental information and other supplemental information have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Gardner, Provenzano, Schauman & Thomas, P.C.*

Certified Public Accountants

CITY OF FRANKENMUTH  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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**Overview of the Financial Statements**

The City of Frankenmuth, Michigan's (the "City") annual report consists of this analysis (management's discussion and analysis), government-wide financial statements, fund financial statements, notes to the financial statements, required supplemental information, and other supplemental information.

Last fiscal year, the City fully implemented the Governmental Accounting Standards Board's (GASB) Statement No. 34. As allowed by Gasb-34 for Phase Three governments, the City of Frankenmuth did not recognize infrastructure assets that were not already in the general fixed assets account groups retroactively. This accounting pronouncement, among other changes, adds government-wide financial statements which were designed to provide a broad overview of the City's finances. The government-wide statements are presented on a full accrual basis of accounting, with an emphasis on measuring all economic resources and not just current financial resources as measured in the individual fund statements. These statements make a distinction between governmental activities for example public safety and public works and business-type activities such as the provision of water and sewerage service. Two government-wide statements are provided. These statements will show a comparison from the prior year's fiscal year data.

One government-wide statement, the statement of net assets, presents information on all of the City's assets and liabilities with the difference shown as net assets. Increases or decreases of net assets from period to period provide useful information on the direction of the City's financial position over time.

The other government-wide statement, the statement of activities, provides information on how the government-wide net assets changed during the fiscal year. This statement provides information on income, expenses, and other increases or decreases in net assets.

Following the government-wide statements, individual fund financial statements are provided for the City's major funds and compiled financial information is provided for non-major funds. These statements are grouped into governmental funds, which account for the cost of providing governmental-type services for example public safety and public works and proprietary funds which account for business-type activities such as provision of water and sewer services.

Reconciliations between the individual fund statements and the government-wide financial statements are provided following the individual fund statements. The differences are primarily related to inclusion of capital assets and recognition of certain receivables and long-term liabilities in the government-wide statement of net assets, which are not included in the fund balance sheets, and related to the timing of reporting capital outlays and debt principal repayment in the fund statements and a difference in the timing of the recognition of certain revenues



CITY OF FRANKENMUTH  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

**Overview of the Financial Statements (cont.)**

and expenditures such as bond proceeds and accrued interest in the individual fund statements versus the government-wide statements.

**Financial Position and Results of Operation for the City as a Whole**

The City of Frankenmuth's Governmental Wide activities indicates an increase in net assets of \$1,561,605 for fiscal year 2004-05. This compares to an increase in net assets of \$487,821 for the prior fiscal year. This is the consolidated result of the General Fund, Special Revenue Funds, Capital Project Funds, Debt Service Funds and Internal Service activity. The majority of the increase in net assets for fiscal year 2004-05 was as a result of contributions of infrastructure from contractors.

Net assets of the Business-type activities, (Water and Waste Treatment Funds) decreased by \$13,508 for fiscal year 2004-05. This compares to a decrease of \$227,094 for the prior fiscal year. Water rates were increased substantially this fiscal year to offset the increased costs of the raw water from our supplier. Outside the purchase of the raw water, the largest single expenditure in both funds is depreciation expense of \$1,068,467. The Waste Treatment Fund received a General Fund transfer of \$128,874 to assist with debt service as a result of G. Heileman bankruptcy in 1991.

In a condensed format, the tables below show the net assets and changes in net assets as of June 30, 2005 with comparable data for the prior fiscal year.

	Government Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
<b>Assets</b>						
Current assets	\$ 5,762,801	\$ 6,329,980	\$ 1,538,952	\$ 1,361,504	\$ 7,301,753	\$ 7,691,484
Concurrent assets	11,238,196	9,041,038	25,602,458	26,565,885	36,840,654	35,606,923
Total Assets	<u>\$ 17,000,997</u>	<u>\$ 15,371,018</u>	<u>\$ 27,141,410</u>	<u>\$ 27,927,389</u>	<u>\$ 44,142,407</u>	<u>\$ 43,298,407</u>
<b>Liabilities</b>						
Current liabilities	\$ 3,784,233	\$ 3,221,955	\$ 1,622,269	\$ 851,740	\$ 5,406,502	\$ 4,073,695
Long-term liabilities	10,104,940	10,598,844	8,890,034	10,433,034	18,994,974	21,031,878
Total Liabilities	<u>13,889,173</u>	<u>13,820,799</u>	<u>10,512,303</u>	<u>11,284,774</u>	<u>24,401,476</u>	<u>25,105,573</u>
<b>Net Assets</b>						
Investment in capital assets-net of related debt	404,187	(1,557,806)	5,325,574	4,928,683	5,729,761	3,370,877
Restricted	-	-	12,372,651	13,318,215	12,372,651	13,318,215
Unrestricted	2,707,637	3,108,025	(1,069,118)	(1,604,283)	1,638,519	1,503,742
Total Net assets	<u>\$ 3,111,824</u>	<u>\$ 1,550,219</u>	<u>\$ 16,629,107</u>	<u>\$ 16,642,615</u>	<u>\$ 19,740,931</u>	<u>\$ 18,192,834</u>

The above table presents the net assets as of June 30, 2005 and 2004. The change in net assets for the 2004-2005 and 2003-2004 year is presented and discussed below in Table 2.

**CITY OF FRANKENMUTH  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

**Financial Position and Results of Operation for the City as a Whole (cont.)**

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenue						
Program revenue						
Charges for services	\$ 1,233,802	\$ 1,151,853	\$ 2,680,248	\$ 2,005,372	\$ 3,914,050	\$ 3,157,225
Operating grants and contributions	1,347,935	651,489	-	-	1,347,935	651,489
Capital grants and contributions	465,775	769,295	322,546	191,917	788,321	961,212
General revenue						
Property taxes	2,770,968	2,562,177	-	-	2,770,968	2,562,177
State Shared revenue	423,527	506,096	-	-	423,527	506,096
License and permits	143,262	65,854	-	-	143,262	65,854
Unrestricted investment earnings	185,228	163,634	52,544	39,965	237,772	203,599
Gain on sale of capital assets	5,590	2,514	-	-	5,590	2,514
Other revenues	401,043	91,430	-	-	401,043	91,430
Transfers	(240,457)	(311,313)	240,457	311,313	-	-
Total Revenue	<u>6,736,673</u>	<u>5,653,029</u>	<u>3,295,795</u>	<u>2,548,567</u>	<u>10,032,468</u>	<u>8,201,596</u>
Program Expense						
General government	1,247,572	1,219,666	-	-	1,247,572	1,219,666
Public safety	1,098,911	998,277	-	-	1,098,911	998,277
Highways and Street	498,417	562,739	-	-	498,417	562,739
Sanitation	279,352	280,979	-	-	279,352	280,979
Economic development-DDA	611,674	590,726	-	-	611,674	590,726
Culture-recreations	734,496	749,990	-	-	734,496	749,990
Interest on long term debt	351,289	470,391	-	-	351,289	470,391
Equipment	353,357	292,440	-	-	353,357	292,440
Water and waste water	-	-	3,309,303	2,775,661	3,309,303	2,775,661
Total Program Expenses	<u>5,175,068</u>	<u>5,165,208</u>	<u>3,309,303</u>	<u>2,775,661</u>	<u>8,484,371</u>	<u>7,940,869</u>
Change in Net Assets	<u>\$ 1,561,605</u>	<u>\$ 487,821</u>	<u>\$ (13,508)</u>	<u>\$ (227,094)</u>	<u>\$ 1,548,097</u>	<u>\$ 260,727</u>

**Governmental Activities**

The City continues to experience moderate growth in tax revenues based on the increased developments in the residential and commercial sectors. Expenditures overall have remained fairly constant; however, we have experienced significant rate increases in employee health care premiums and in the employer contribution for employee pension benefits.

State-shared revenues, statutorily designated to support local community services and historically about 15% of the City's general operating revenues, have continued to decline to approximately 12% for fiscal year 2004-05. While not significant, the trend from the State of Michigan appears that it will continue. Over a five year period of time, the City has received \$58,000 less in State shared revenues.

The City strives to maintain a cash reserve in the three to six month range as recommended by our independent auditors. Currently we have 3.6 months in reserves which falls in the desired level.

CITY OF FRANKENMUTH  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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**Business-type Activities**

The City operates a water department and sewer treatment department. These departments provide water and sewage services to all the City's residents. Water is provided to some areas outside the City corporate limits. Rates are set to provide for annual operations, maintenance, replacement, and for the payment of debt service requirements. The Water Board reviews the rate structure annually. In the prior year, our wholesale water supplier increased the cost of our raw water significantly which prompted us to substantially increase our water rates. Subsequently, we have hired a consultant to investigate our options for an alternate water source. The Waste Treatment Committee reviews that department's operation. Based on costs and operations, a rate increase is being reviewed and discussed.

**Analysis of Individual Funds**

Of the City's governmental funds, the General Fund, the Major and Local Street Funds, and the Downtown Development Authority Fund account for most of the significant expenditures other than for debt service.

The General Fund ended the fiscal year with a decrease to the fund balance in the amount of \$10,666. This was planned during the budget process. Property taxes remain the major revenue source (55%), followed by charges for services (27%), State shared revenue (12%), and licenses and permits, fines and forfeits and other revenues making up the balance of the general fund revenue. The total General Fund revenues for fiscal year 2004-05 increased by 7.5% over the preceding fiscal year.

Both the Major and Local Street Funds continue to struggle with limited funds available to undertake construction or reconstruction projects. The major source of revenue comes from the State gas and weight taxes. The General Fund annually transfers money into these street funds for any planned construction project. The ending fund balance in these street funds is \$9,216 for fiscal year 2004-05, this compares to an ending balance of \$20,828 for the prior fiscal year.

The Downtown Development Authority Fund, along with their construction fund, receives the majority of their revenue from property taxes, captured taxes and special assessments. The majority of the planned infrastructure and beautification projects have been completed.

**General Operating Fund Budget Highlights**

During the annual budget process, the City completes an extensive review of the current year budget, culminating in a budget amendment to appropriate the revised expenditure estimates. The General Fund ended the year with an excess of expenditures over revenues by \$10,666. The use of the fund balance in the General Fund was planned and anticipated.

**General Operating Fund Budget Highlights (cont.)**

The City did amend the originally adopted budget, once in March 2005 and again in June 2005. The most significant expenditure variances between the first budget adopted and the final budget adopted are as follows:

- The General Government function was amended to accommodate an expected increase of \$47,009. This adjustment was mainly due to an anticipated increase in attorney and appraisal fees to defend tax appeals.
- The Public Safety function was increased \$31,100 due to an increase in fringe benefit costs not anticipated in the original budget.
- The Sanitation function increased \$29,600 due to an increase in payment for our refuse contractor.
- Operating transfers out increased by \$108,386 due to the Major and Local Streets requiring additional fund to off set expenditures.

Significant expenditure variances between the final budget and actual results are as follows:

- The \$92,557 variance in the Charge for Service revenue was due mainly to an increase in actual fees charged for customer services for refuse services.
- General Government expenditures were \$48,153 less than budgeted mainly due to DPW Building improvements budgeted for but not expended.
- Public Safety expenditures were \$27,164 more than anticipated mainly due to an increase in fringe benefit costs.
- Other expenditures were \$90,596 less than anticipated for the following:
  - Insurance, Economic Development program and other Community promotion activity.
- Operating transfers out were \$44,562 more than anticipated due to an increase in a transfer to the Local Street Fund.

**Capital Asset and Long-term Debt Activity**

Major capital asset and infrastructure additions in governmental funds consisted of Block Road construction, culvert and sidewalk improvements along E. Genesee Street, the Harvey Kern Pavilion project in Heritage Park and the final D.D.A.'s Weiss Street construction improvements.

In the Water and Sewer Funds, additional residential subdivision developments along with water and sewer improvements along South Main Street and the Weiss Street areas were constructed.

CITY OF FRANKENMUTH  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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**Capital Asset and Long-term Debt Activity (cont.)**

Besides new subdivision developments, there are currently no significant planned capital assets additions.

The City did authorize and issue one new debt issue during this past fiscal year for the Harvey Kern Pavilion in Heritage Park. The debt service payments for this issue are to be contributed by the Frankenmuth Rotary Club. The City did service all outstanding debt in a timely basis. There are no additional debt issues planned at this time.

**Economic Factors and Next Year's Budgets and Rates**

The City's tax mill rate of 9.60 has been in effect since the 1997-98 fiscal year. The growth of the taxable value over this period has provided increased tax revenues to allow for no change in the mill levy. The limiting factor on tax revenue growth in the General Fund results from the capture of commercial tax values in the D.D.A. District. The City did refinance three DDA debt issues which will save approximately \$140,638 over the life of these issues.

A tax appeal, by one of the City's largest taxpayers, has been settled which will have limited adverse impact on the D.D.A. Fund. Additionally, another major tax appeal has been filed for another large taxpayer within the D.D.A.

The City has experienced no specific events which it believes will materially impact the finances of the City. It should be noted that certain long-term trends such as the capture of commercial property tax revenues and shrinking state-shared revenues, will have a direct impact on the City's ability to provide current services as inflation and the cost of providing services increases. Currently, adequate cash reserves and authorized unlevied millage ensures provision of current services in the near term as the City meets these challenges and plans for the future.

**Contacting the City's Financial Management**

This financial report is designed to provide accountability of our stewardship of the resources provided by our citizens, taxpayers, and customers and to provide financial information to the City's investors and creditors. If you have any questions about this report or need additional financial information, please do not hesitate to contact the City Manager or City Treasurer at Frankenmuth City Hall, 240 West Genesee Street, Frankenmuth, MI 48734-1398.

CITY OF FRANKENMUTH  
STATEMENT OF NET ASSETS  
JUNE 30, 2005

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
<b>ASSETS</b>			
Cash	\$ 2,054,917	\$ 1,062,864	\$ 3,117,781
Investments	155,937	-	155,937
Accounts Receivable	847,848	347,474	1,195,322
Special Assessments Receivable	2,380,474	59,913	2,440,387
Due from other funds	26,866	-	26,866
Due from other governmental units	172,526	-	172,526
Inventory	21,416	45,683	67,099
Accrued interest receivable	455	-	455
Prepaid expenses	102,362	23,018	125,380
Total Current assets	5,762,801	1,538,952	7,301,753
Noncurrent Assets			
Restricted accounts receivable	-	9,920,903	9,920,903
Special Assessments net of current portion	-	667,897	667,897
Net Capital assets	11,238,196	15,013,658	26,251,854
Total Noncurrent Assets	11,238,196	25,602,458	36,840,654
Total assets	17,000,997	27,141,410	44,142,407
<b>LIABILITIES</b>			
Accounts payable	507,896	122,241	630,137
Accrued payroll	70,876	6,392	77,268
Due to other funds	-	26,866	26,866
Deferred special assessments	2,476,392	668,720	3,145,112
Noncurrent liabilities:			
Due within one year	729,069	798,050	1,527,119
Due in more than one year	10,104,940	8,890,034	18,994,974
Total liabilities	13,889,173	10,512,303	24,401,476
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	404,187	5,325,574	5,729,761
Restricted	-	12,372,651	12,372,651
Unrestricted	2,707,637	(1,069,118)	1,638,519
Total net assets	\$ 3,111,824	\$ 16,629,107	\$ 19,740,931

The accompanying notes are an integral part of these financial statements.

CITY OF FRANKENMUTH  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2005

Program Revenues				Net(Expense) Revenue and Changes in Net Assets		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-type Activities	Total
Governmental activities:						
General Government	\$ 1,247,572	\$ 217,762	\$ 172,289	\$ (842,280)	\$ -	\$ (842,280)
Public Safety	1,098,911	189,965	14,272	(894,674)	-	(894,674)
Highways & Streets	498,417	-	358,116	14,761	-	14,761
Sanitation	279,352	326,593	-	47,241	-	47,241
Economic Development - DDA	611,674	-	-	(316,202)	-	(316,202)
Culture - recreations	734,496	109,951	803,258	178,713	-	178,713
Interest on Long Term Debt	351,289	-	-	(351,289)	-	(351,289)
Equipment	353,357	389,531	-	36,174	-	36,174
Total governmental activities	5,175,068	1,233,802	1,347,935	(2,127,556)	-	(2,127,556)
Business-type Activities:						
Wastewater Treatment Fund	1,681,513	1,003,690	-	-	(674,839)	(674,839)
Water Fund	1,627,790	1,676,558	-	-	368,330	368,330
Total business-type activities	3,309,303	2,680,248	-	-	(306,509)	(306,509)
Total primary government	\$ 8,484,371	\$ 3,914,050	\$ 1,347,935	(2,127,556)	(306,509)	(2,434,065)
General revenues:						
Property Taxes				2,770,968	-	2,770,968
State Shared Revenue				423,527	-	423,527
License & Permits				143,262	-	143,262
Unrestricted investment earnings				185,228	52,544	237,772
Gain on Sale of Capital Assets				5,590	-	5,590
Other Revenues				401,043	-	401,043
Transfers				(240,457)	240,457	-
Total general revenues				3,689,161	293,001	3,982,162
Change in net assets				1,561,605	(13,508)	1,548,097
Net assets - beginning				1,550,219	16,642,615	18,192,834
Net assets - ending				\$ 3,111,824	\$ 16,629,107	\$ 19,740,931

The accompanying notes are an integral part of these financial statements.

CITY OF FRANKENMUTH  
GOVERNMENTAL FUNDS BALANCE SHEET  
JUNE 30, 2005

	General	Parks and Recreation	DDA Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<u>Assets</u>					
Cash	\$ 802,396	\$ 22,223	\$ 366,395	\$ 665,957	\$ 1,856,971
Investments	61,276	-	-	94,661	155,937
Receivables					
Accounts	107,939	730,452	7,008	2,449	847,848
Special assessments	14,946	-	2,194,453	171,075	2,380,474
Due from other funds	343,659	-	-	57,047	400,706
Due from other governmental units	82,248	-	-	90,278	172,526
Inventory	20,202	-	-	-	20,202
Accrued interest receivable	-	-	-	455	455
Prepaid expenditures	56,113	24,024	1,511	9,958	91,606
Total	<u>\$ 1,488,779</u>	<u>776,699</u>	<u>\$ 2,569,367</u>	<u>\$ 1,091,880</u>	<u>\$ 5,926,725</u>
<u>Liabilities</u>					
Liabilities					
Accounts payable	\$ 187,761	\$ 283,958	\$ 7,082	\$ 22,332	\$ 501,133
Accrued expenditures	68,784	894	1,198	-	70,876
Due to other funds	-	349,061	69,416	56,222	474,699
Deferred revenue	66,488	13,047	2,057,675	340,702	2,477,912
Total Liabilities	<u>323,033</u>	<u>646,960</u>	<u>2,135,371</u>	<u>419,256</u>	<u>3,524,620</u>
Fund Equity					
Fund Balance					
Reserved for debt retirement	-	-	-	85,561	85,561
Reserved for inventories	20,202	-	-	-	20,202
Undesignated	1,145,544	129,739	433,996	587,063	2,296,342
Total Fund Equity	<u>1,165,746</u>	<u>129,739</u>	<u>433,996</u>	<u>672,624</u>	<u>2,402,105</u>
Total Liabilities and Fund Equity	<u>\$ 1,488,779</u>	<u>\$ 776,699</u>	<u>\$ 2,569,367</u>	<u>\$ 1,091,880</u>	<u>\$ 5,926,725</u>

The accompanying notes are an integral part of these financial statements.



CITY OF FRANKENMUTH  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE  
SHEET TO THE CITY-WIDE STATEMENT OF NET ASSETS  
JUNE 30, 2005

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Fund balances of governmental funds \$ 2,402,105

Amounts reported for *governmental activities* in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources; and therefore, are not reported in the funds. 10,566,319

Long-term liabilities, including bonds payable, are not due and payable in the current period; and therefore, are not reported in the funds. (10,834,003)

Internal service funds are used by management to charge the cost of fleet management to individual funds.

The assets and liabilities of the internal service funds are included in governmental activities in the statement. 977,403

Net assets of governmental activities \$ 3,111,824

The accompanying notes are an integral part of these financial statements.

CITY OF FRANKENMUTH  
GOVERNMENTAL FUNDS STATEMENT OF REVENUE,  
EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2005

	General	Parks and Recreation	DDA Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 2,021,976	\$ -	\$ 844,006	\$ -	\$ 2,865,982
Licenses	11,915	-	-	139,172	151,087
State	423,527	-	-	364,115	787,642
Federal	-	-	-	90,886	90,886
Charges for service	979,979	86,056	-	-	1,066,035
Fines and forfeits	9,617	-	-	34,180	43,797
Other revenues	281,844	767,355	333,555	369,271	1,752,025
Total Revenues	3,728,858	853,411	1,177,561	997,624	6,757,454
Expenditures					
General government	951,842	-	-	-	951,842
Public safety	1,068,374	-	-	-	1,068,374
Public works	447,530	-	-	720,673	1,168,203
Recreation and cultural	-	2,159,056	-	275,280	2,434,336
Other expenses	242,995	-	370,201	585,415	1,198,611
Debt service					
Principal retirement	-	-	-	537,175	537,175
Interest and fiscal agent charges	-	-	-	519,414	519,414
Total Expenditures	2,710,741	2,159,056	370,201	2,637,957	7,877,955
Excess (Deficiency) of Revenues over Expenditures	1,018,117	(1,305,645)	807,360	(1,640,333)	(1,120,501)
Other Financing Sources (Uses)					
Bond proceeds	-	1,050,000	-	-	1,050,000
Operating transfers in	-	295,000	-	1,754,035	2,049,035
Operating transfers (out)	(1,028,783)	-	(806,820)	(476,825)	(2,312,428)
Total Other Financing Sources (Uses)	(1,028,783)	1,345,000	(806,820)	1,277,210	786,607
Excess (deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(10,666)	39,355	540	(363,123)	(333,894)
Fund Balances, Beginning	1,176,412	90,384	433,456	1,035,747	2,735,999
Fund Balances, Ending	\$ 1,165,746	\$ 129,739	\$ 433,996	\$ 672,624	\$ 2,402,105

The accompanying notes are an integral part of these financial statements.

CITY OF FRANKENMUTH  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
 REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
 JUNE 30, 2005

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Net change in fund balances --total governmental funds	\$ (333,894)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital assets used in governmental activities are not financial resources; and therefore, are not reported in the funds.	
Depreciation expense	(462,971)
Capital Outlay	2,588,337
Loss on sale of asset	(7,372)
The proceeds of an issued debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets.	
Proceeds from the issues of debt	(1,050,000)
Repayment of debt	814,838
Internal service funds are used by management to charge the costs of fleet management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	
	18,170
Elimination of balances between governmental funds	(5,503)
Change in net assets of governmental activities	<u>\$ 1,561,605</u>

The accompanying notes are an integral part of these financial statements.

CITY OF FRANKENMUTH  
 PROPRIETARY FUNDS  
 STATEMENT OF NET ASSETS  
 JUNE 30, 2005

	Waste Water	Water	Enterprise Totals	Internal Service
<u>Assets</u>				
Current Assets				
Cash	\$ 291,612	\$ 771,252	\$ 1,062,864	\$ 197,946
Accounts receivable	187,488	159,986	347,474	-
Special assessments receivable	53,263	6,650	59,913	-
Due from other funds	-	-	-	100,859
Inventory	5,683	40,000	45,683	1,214
Prepaid Expenses	13,883	9,135	23,018	10,756
Total Current Assets	<u>551,929</u>	<u>987,023</u>	<u>1,538,952</u>	<u>310,775</u>
Non current Assets				
Restricted Assets	8,582,503	1,338,400	9,920,903	-
Special assessments receivable net of current portion	586,940	80,957	667,897	-
Net Capital Assets	<u>11,425,228</u>	<u>3,588,430</u>	<u>15,013,658</u>	<u>671,876</u>
Total Noncurrent Assets	<u>20,594,671</u>	<u>5,007,787</u>	<u>25,602,458</u>	<u>671,876</u>
Total Assets	<u>\$ 21,146,600</u>	<u>\$ 5,994,810</u>	<u>\$ 27,141,410</u>	<u>\$ 982,651</u>
<u>Liabilities and Net Assets</u>				
Current Liabilities				
Accounts Payable	\$ 14,616	\$ 107,625	\$ 122,241	\$ 8,863
Accrued Payroll	6,163	229	6,392	-
Due to other funds	20,945	5,921	26,866	-
Deferred Special Assessment Revenue	589,929	78,791	668,720	-
Current Portion of Long-Term Debt	<u>707,350</u>	<u>90,700</u>	<u>798,050</u>	<u>-</u>
Total Current Liabilities	<u>1,339,003</u>	<u>283,266</u>	<u>1,622,269</u>	<u>8,863</u>
Noncurrent Liabilities				
Bonds Payable (net of current portion and unamortized discount)	<u>7,642,334</u>	<u>1,247,700</u>	<u>8,890,034</u>	<u>-</u>
Total Noncurrent Liabilities	<u>7,642,334</u>	<u>1,247,700</u>	<u>8,890,034</u>	<u>-</u>
Total Liabilities	<u>8,981,337</u>	<u>1,530,966</u>	<u>10,512,303</u>	<u>8,863</u>
Net Assets				
Investment in capital assets- Net of related debt	3,075,544	2,250,030	5,325,574	671,876
Restricted	9,598,622	2,774,029	12,372,651	-
Unrestricted	<u>(508,903)</u>	<u>(560,215)</u>	<u>(1,069,118)</u>	<u>301,912</u>
Total Net Assets	<u>12,165,263</u>	<u>4,463,844</u>	<u>16,629,107</u>	<u>973,788</u>
Total Liabilities and Net Assets	<u>\$ 21,146,600</u>	<u>\$ 5,994,810</u>	<u>\$ 27,141,410</u>	<u>\$ 982,651</u>

The accompanying notes are an integral part of these financial statements.

CITY OF FRANKENMUTH  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUE, EXPENSES AND  
 CHANGES IN NET ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2005

	Waste Water	Water	Enterprise Totals	Internal Service
Operating Revenues				
Sewage disposal charges	\$ 992,732	\$ -	\$ 992,732	\$ -
Water sales	-	1,659,641	1,659,641	-
Penalties on late payments	8,112	10,301	18,413	-
Hydrant rental	-	8,000	8,000	-
Billings to departments	-	-	-	355,722
Federal revenue	-	248,596	248,596	-
Other revenues	-	10,966	10,966	-
Total Operating Revenues	<u>1,000,844</u>	<u>1,937,504</u>	<u>2,938,348</u>	<u>355,722</u>
Operating Expenses				
Transmission Maintenance	113,687	-	113,687	-
Sewage purification	1,409,736	-	1,409,736	-
Distribution System				
Maintenance, Township	-	13,412	13,412	-
Distribution System				
Maintenance, City	-	117,246	117,246	-
Purification	-	1,398,467	1,398,467	-
Motor Vehicle Maintenance	-	-	-	326,024
Administration	214,760	131,926	346,686	36,422
Customer service	1,162	37,472	38,634	-
Total Operating Expenses	<u>1,739,345</u>	<u>1,698,523</u>	<u>3,437,868</u>	<u>362,446</u>
Operating Income (Loss)	<u>(738,501)</u>	<u>238,981</u>	<u>(499,520)</u>	<u>(6,724)</u>
Non-Operating Revenues (Expenses)				
Interest	38,741	13,803	52,544	4,114
DPW Fringe Recovery	-	-	-	5,617
Miscellaneous	62,565	58,047	120,612	6,078
Total Non-operating Revenues	<u>101,306</u>	<u>71,850</u>	<u>173,156</u>	<u>15,809</u>
Income before other revenues	<u>(637,195)</u>	<u>310,831</u>	<u>(326,364)</u>	<u>9,085</u>
Other Revenue				
Capital Contributions	215,639	97,217	312,856	-
Total Other Revenue	<u>215,639</u>	<u>97,217</u>	<u>312,856</u>	<u>-</u>
Increase (decrease) in net assets	<u>(421,556)</u>	<u>408,048</u>	<u>(13,508)</u>	<u>9,085</u>
Net Assets, Beginning	<u>12,586,819</u>	<u>4,055,796</u>	<u>16,642,615</u>	<u>964,703</u>
Net Assets, Ending	<u>\$ 12,165,263</u>	<u>\$ 4,463,844</u>	<u>\$ 16,629,107</u>	<u>\$ 973,788</u>

The accompanying notes are an integral part of these financial statements.

CITY OF FRANKENMUTH  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2005

	Waste Water Fund	Water Fund	Enterprise Totals	Internal Service
<b>Cash Flows From Operating Activities</b>				
Receipts from customers	\$ 964,946	\$ 1,691,209	\$ 2,656,155	\$ ..
Billings from other departments	-	-	-	342,065
Payments to suppliers	(429,545)	(1,208,849)	(1,638,394)	(141,322)
Payments to employees	(391,493)	(200,767)	(592,260)	(84,718)
Internal activity - Net payments to other funds	(69,723)	(40,544)	(110,267)	(18,000)
Other receipts (payments)	-	248,824	248,824	..
Net cash provided by (used in) operating activities	<u>74,185</u>	<u>489,873</u>	<u>564,058</u>	<u>98,025</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Purchase of capital assets	(239,992)	(480,416)	(720,408)	(195,985)
Sale of capital assets	-	-	-	6,077
Capital contributions	215,639	97,217	312,856	..
Operating transfers	-	-	-	5,617
Principal and interest paid on capital debt	(656,950)	(88,000)	(744,950)	..
Restricted accounts receivable	497,844	88,000	585,844	..
Net cash provided by (used in ) capital and related financing activities	<u>(183,459)</u>	<u>(383,199)</u>	<u>(566,658)</u>	<u>(184,291)</u>
<b>Cash Flows from Investing Activities</b>				
Interest received on investments	38,741	13,803	52,544	4,114
Special assessment revenue	60,013	56,253	116,266	..
Other	2,846	-	2,846	..
Net cash provided by (used in) investing activities	<u>101,600</u>	<u>70,056</u>	<u>171,656</u>	<u>4,114</u>
<b>Net Increase (Decrease) in Cash and cash equivalents</b>	<u>(7,674)</u>	<u>176,730</u>	<u>169,056</u>	<u>(82,152)</u>
Cash and cash equivalents - Beginning of year	299,286	594,522	893,808	280,098
Cash and cash equivalents - End of year	<u>\$ 291,612</u>	<u>\$ 771,252</u>	<u>\$ 1,062,864</u>	<u>\$ 197,946</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>				
Operating income (loss)	\$ (738,501)	\$ 238,981	\$ (499,520)	\$ (6,724)
Adjustments to reconcile operating income (loss) to net cash from operating activities				
Depreciation	846,806	221,661	1,068,467	116,784
Receivables	(35,898)	10,301	(25,597)	..
Due from other funds	-	386	386	(13,657)
Other assets	2,843	15,858	18,701	(1,169)
Accounts payable	571	(3,428)	(2,857)	2,791
Accrued and other liabilities	438	193	631	..
Due to other funds	(2,074)	5,921	3,847	..
Net Cash provided by (used in) operating activities	<u>\$ 74,185</u>	<u>\$ 489,873</u>	<u>\$ 564,058</u>	<u>\$ 98,025</u>

The accompanying notes are an integral part of these financial statements.

CITY OF FRANKENMUTH  
NOTES TO FINANCIAL STATEMENTS

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NOTE 1--Summary of Significant Accounting Policies

The City of Frankenmuth is organized under Michigan's Comprehensive Home Rule City Act. City government is directed by a seven-member City Council, including the Mayor, who is elected by the community at large. This legislative body appoints a City Manager to administer the affairs of the City. The City provides the following services as authorized by its charter: public safety, highways and streets, sanitation, cultural and recreation, public improvements, planning and zoning, and general administrative services.

The City of Frankenmuth complies with Generally Accepted Accounting Principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The City has the option of following subsequent FASB guidance for its enterprise funds; however, the City has elected not to follow subsequent guidance.

The Reporting Entity

The City has adopted the position of the National Council on Governmental Accounting (NCGA) as outlined in its Statement 3, regarding the definition of the "reporting entity." The basic criterion for including a governmental department, agency, institution, commission, public authority, or other governmental organization in a governmental unit's financial report is the exercise of oversight responsibility over such agencies by the governmental unit's elected officials. Oversight responsibility include financial interdependence, selection of governing authority, designation of management, ability to significantly influence operations,

CITY OF FRANKENMUTH  
NOTES TO FINANCIAL STATEMENTS

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NOTE 1--Summary of Significant Accounting Policies (continued)

The Reporting Entity (continued)

and accountability for fiscal matters. Based upon these criteria, the Frankenmuth City-Township Commission is considered a separate governmental entity. The City has consolidated the Frankenmuth Beautification Committee into these financial statements.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the governmental and business-type activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items that cannot be attributed directly to any one function are included among program revenues and are reported instead as general revenue.



CITY OF FRANKENMUTH  
NOTES TO FINANCIAL STATEMENTS

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NOTE 1--Summary of Significant Accounting Policies (continued)

Government-wide and Fund Financial Statements (continued)

The City does not allocate indirect costs. An administrative fee is charged by the General Fund to the other operating funds that is eliminated like a reimbursement to recover the direct costs of the General Fund services provided.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and expenditures relating to compensated absences are recorded only when payment is due.

CITY OF FRANKENMUTH  
NOTES TO FINANCIAL STATEMENTS

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NOTE 1--Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation  
(continued)

It is the City's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

A fund is defined as a fiscal and accounting entity with self-balancing set of accounts which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The following fund types are used by the City:

Governmental Funds

General Fund--The General Fund is the general operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund.

Special Revenue Funds--Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt Service Funds--Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Funds--Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Proprietary Funds

Enterprise Funds--Enterprise Funds report operations that provide services to citizens financed primarily by a user charge or activities where the periodic measurement of net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service Funds--These funds are used to record the financing of goods or services by the City to other departments and funds, or to other governmental units, on a cost reimbursement basis.

CITY OF FRANKENMUTH  
NOTES TO FINANCIAL STATEMENTS

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NOTE 1--Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation  
(continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and waste water function and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relates to charges to customers for sales and services.

Operating expenses for proprietary funds include the cost of source of supply, transmission and distribution maintenance, and administrative and general expenses, including depreciation and capital assets.

All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Cash

Cash includes cash on hand and demand deposits.

Investments

Investments include money markets fund and are stated at fair value.

CITY OF FRANKENMUTH  
NOTES TO FINANCIAL STATEMENTS

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NOTE 1--Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation  
(continued)

Receivables

Receivables consist of all revenues earned at year-end but not yet received.

Outstanding balances between funds are reported as "due to/from other funds".

Any residual balances outstanding between the governmental activities and the business-type activities are reported in the governmental-wide financial statements as "internal balances".

Inventories

Inventories consist of expendable supplies held for the City's use and are carried at cost using the first-in, first-out method.

Prepaid

Prepaid amounts consist of payments for which the City will have a future benefit and will be used up at a date beyond the current year-end.

Capital Assets and Depreciation

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized.

Other costs incurred for repairs and maintenance are expensed as incurred. The City owns infrastructure assets such as water and sewer systems and roads and sidewalks. Depreciation on all assets is provided on the straight-line method.

CITY OF FRANKENMUTH  
NOTES TO FINANCIAL STATEMENTS

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NOTE 1--Summary of Significant Accounting Policies (continued)

Capital Assets and Depreciation (continued)

Assets are depreciated over the following estimated useful lives:

Equipment and other	3-10 years
Vehicles	5-10 years
Buildings	50 years
Water and sewer mains	20-50 years
Water Towers	50 years
Water Meters	10-20 years
Other equipment	5-10 years
Infrastructure	5-50 years

The City elected not to retroactively report some infrastructure assets, which is allowable under the provisions of GASB 34.

Accounts Payable

Accounts payable consist of items from which the City benefited during the current fiscal year but has not yet paid.

Accrued Sick Leave

Accumulated and unused sick leave at year end is recognized as a liability of the respective funds in which each employee's wages are reported. The liability is calculated based upon various labor terms. Total accrued sick leave at June 30, 2005, was \$68,783.

Deferred Revenue

Deferred revenue represents amounts for which the City has received or is due to receive but has not yet earned. The revenues are deferred until the proceeds have been fully expensed/expended.

CITY OF FRANKENMUTH  
NOTES TO FINANCIAL STATEMENTS

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NOTE 1--Summary of Significant Accounting Policies (continued)

Long-term Obligations

In the government-wide financial statements, and in the proprietary fund financial statements, long-term debt is reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Inter-fund Activity

Inter-fund activity is reported as payables and transfers. Both are eliminated upon consolidation.

Property Taxes

City property taxes are an enforceable lien on property, when levied on July 1. They are due without penalty on or before July 31. These summer tax bills include the City's own property taxes, and taxes billed on behalf of the Intermediate School District and Delta College. Real property taxes not collected as of March 1 are returned to Saginaw County for collection. The County settles

CITY OF FRANKENMUTH  
NOTES TO FINANCIAL STATEMENTS

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NOTE 1--Summary of Significant Accounting Policies (continued)

Property Taxes (continued)

with the City for 100% of the delinquent real property taxes. Collection of delinquent personal property taxes remains the responsibility of the City Treasurer. Property taxes levied in July of each year are recognized as revenue in that year.

The City acts as a collection agent for Saginaw County, Saginaw ISD, Delta College and the Frankenmuth School District for winter property taxes. Taxes collected on behalf of these entities are turned over immediately following collection, and are accounted for in a designated agency fund. At December 31, 2004, the taxable value of real and personal property located in the City totaled \$237,283,248, including industrial and commercial facilities. The City taxable value, exclusive of industrial facilities and commercial facilities tax units, amounted to \$236,458,848.

The levy for the year was based on the following rate:

	<u>Millage Rate Used</u>	<u>Authorized Millage Rate by Either State Law or City Charter</u>
General Operating	9.60	20* General

\*Limited by Headlee amendment to 18.7860 mills

NOTE 2--Stewardship, Compliance and Accountability

Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. At their March meeting, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget is adopted by activity.
2. Public hearings are conducted to obtain taxpayer comments.

CITY OF FRANKENMUTH  
NOTES TO FINANCIAL STATEMENTS

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NOTE 2--Stewardship, Compliance and Accountability

Budgets and Budgetary Accounting (continued)

3. The budget is legally enacted through passage of a resolution at the April City Council meeting.
4. Formal budgetary integration is employed as a measurement control device during the year for all funds.
5. Budgets for all funds are adopted and have been prepared in accordance with accounting principles generally accepted in the United States of America.
6. The legal level of budgetary control adopted by the City is the activity level.
7. Adoption and amendments of all budgets used by the City are governed by Public Act 621. The appropriations resolutions are based on the projected expenditures budget of the department heads of the City. Any amendment to the original budget must meet the requirements of Public Act 621. The City did amend its budget for the fiscal year. Any revisions that alter the total expenditures of any fund must be approved by the City Council.

NOTE 3--Deposits and Investments

The City is authorized, by the State of Michigan, to deposit its funds in banks, savings and loan associations, or credit unions having a principal office in Michigan.

The City is also authorized to invest in the following:

- a. U.S. Treasury Bills, U.S. Treasury Notes, U.S. Treasury Bonds, and U.S. Treasury STRIPS,
- b. TINTS-Treasury Interest Securities,
- c. PRINS or STRIPS-Treasury Principal Securities,
- d. Certificates of Deposits, Saving Deposit Receipt and Savings Accounts,
- e. Commercial Paper-short term unsecured debt obligation issued by a bank holding company, finance company, utility or industrial company to raise short term cash,
- f. Repurchase Agreements,



CITY OF FRANKENMUTH  
NOTES TO FINANCIAL STATEMENTS

NOTE 3--Deposits and Investments (continued)

g. Banker's Acceptance,

h. Investment Pools.

	Insured	Collateralized	Uninsured Uncollateralized	Total
Governmental Activities				
Cash	\$ 100,000	\$ -	\$ 1,982,964	\$ 2,082,964
Investments	-	-	155,937	155,937
Business-type Activities				
Cash	100,000	-	962,867	1,062,867
Total Deposits & Investments	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ 3,101,768</u>	<u>\$ 3,301,768</u>

Investment held are money market funds.

Cash and cash equivalents include demand deposits with original maturities of 90 days or less. All cash is held by federally insured financial institutions. The FDIC insures up to \$100,000 in demand deposits; however, separately named accounts of a governmental entity in a single financial institution may not necessarily be treated as separate deposits for the \$100,000 limitation. Investments consist of money market funds. These investments are carried at fair market value. A summary of cash and investments follow:

Some of the operating cash of the City is handled through a common checking account at a bank. Each Fund's share of the cash balance is accounted for by using a separate cash general ledger account within each fund.

The investment policy of the City is to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow needs of the City and comply with all state statutes governing the investment of public funds.

CITY OF FRANKENMUTH  
NOTES TO FINANCIAL STATEMENTS

NOTE 4--Capital Assets

Capital assets activity for the year ended June 30, 2005, was as follows:

	Balance July 1, 2004	Additions	Disposals	Balance June 30, 2005
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not subject to depreciation				
Land	\$ 137,040	\$ -	\$ -	\$ 137,040
Subtotal	<u>137,040</u>	<u>-</u>	<u>-</u>	<u>137,040</u>
Capital assets subject to depreciation				
Infrastructure	6,761,445	793,956	-	7,555,401
Furniture and Equipment	1,218,088	126,505	13,576	1,331,017
Vehicles	874,856	135,136	47,041	962,951
Buildings	3,448,205	1,728,719	-	5,176,924
Subtotal	<u>12,302,594</u>	<u>2,784,316</u>	<u>60,617</u>	<u>15,026,293</u>
Accumulated Depreciation				
Infrastructure	829,047	315,973	-	1,145,020
Equipment	748,511	97,258	13,083	832,686
Vehicles	485,704	81,102	35,934	530,872
Buildings	1,335,334	81,225	-	1,416,559
Subtotal	<u>3,398,596</u>	<u>575,558</u>	<u>49,017</u>	<u>3,925,137</u>
Net capital assets being depreciated	<u>8,903,998</u>	<u>2,208,758</u>	<u>11,600</u>	<u>11,101,156</u>
Net governmental capital assets	<u>\$ 9,041,038</u>	<u>\$ 2,208,758</u>	<u>\$ 11,600</u>	<u>\$ 11,238,196</u>

CITY OF FRANKENMUTH  
NOTES TO FINANCIAL STATEMENTS

NOTE 4--Capital Assets (continued)

	Balance July 1, 2004	Additions	Disposals	Balance June 30, 2005
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets not subject to depreciation				
Land	\$ 22,963	\$ -	\$ -	\$ 22,963
Subtotal	<u>22,963</u>	<u>-</u>	<u>-</u>	<u>22,963</u>
Capital assets subject to depreciation				
Buildings	17,951,534	-	-	17,951,534
Water towers	533,842	-	-	533,842
Distribution systems	5,132,453	453,187	-	5,585,640
Collection systems	2,743,333	143,500	-	2,886,833
Machinery & equipment	1,118,498	101,943	-	1,220,441
Meters & boxes	318,594	6,778	-	325,372
Furniture & fixtures	59,005	15,000	-	74,005
Subtotal	<u>27,857,259</u>	<u>720,408</u>	<u>-</u>	<u>28,577,667</u>
Accumulated Depreciation				
Buildings	8,179,887	685,491	-	8,865,378
Water towers	292,822	10,289	-	303,111
Distribution systems	2,183,004	197,455	-	2,380,459
Collection systems	857,478	114,821	-	972,299
Machinery & equipment	719,992	50,725	-	770,717
Meters & boxes	227,524	7,660	-	235,184
Furniture & fixtures	57,798	2,026	-	59,824
Subtotal	<u>12,518,505</u>	<u>1,068,467</u>	<u>-</u>	<u>13,586,972</u>
Net capital assets being depreciated	<u>15,338,754</u>	<u>(348,059)</u>	<u>-</u>	<u>14,990,695</u>
Net Business-type capital assets	<u>\$ 15,361,717</u>	<u>\$ (348,059)</u>	<u>\$ -</u>	<u>\$ 15,013,658</u>

Depreciation expense was charged as follows:

Governmental activities:

General government	\$ 42,845
Public safety	31,673
Public works	10,350
Recreation and culture	87,225
Economic Development - DDA	289,142
Highway & Streets	1,735
Internal Service	112,588
Total governmental activities	<u>\$ 575,558</u>

Business-type activities:

Waste Water Treatment	\$ 846,806
Water	221,661
Total business-type activities	<u>1,068,467</u>

CITY OF FRANKENMUTH  
NOTES TO FINANCIAL STATEMENTS

NOTE 5--Inter-fund Receivables, Payables and Transfers

The composition of inter-fund balances as of June 30, 2005, is as follows:

	Individual Funds		Per Financial Statements	
	Interfund Receivable	Interfund Payable	Due From Other fund	Due to Other Funds
General Fund	\$ 401,977	\$ 58,318	\$ 343,659	\$ -
Special Revenue Funds				
Major Street	17,242	41,490	-	24,248
Local Street	-	27,912	-	27,912
Parks and Recreation	24	349,085	-	349,061
Downtown Development Authority	327	69,743	-	69,416
Building Department Fund	1,609	560	1,049	-
Library	-	1,418	-	1,418
	<u>19,202</u>	<u>490,208</u>	<u>1,049</u>	<u>472,055</u>
Debt Service Fund	<u>13,795</u>	<u>1,444</u>	<u>13,795</u>	<u>1,444</u>
Capital Project Fund	<u>42,203</u>	<u>1,200</u>	<u>42,203</u>	<u>1,200</u>
Enterprise Funds				
Waste Water Treatment	2,515	23,460	-	20,945
Water Fund	15,492	21,413	-	5,921
	<u>18,007</u>	<u>44,873</u>	<u>-</u>	<u>26,866</u>
Internal Service Fund				
Equipment	102,218	1,359	100,859	-
Total	<u>\$ 597,402</u>	<u>\$ 597,402</u>	<u>\$ 501,565</u>	<u>\$ 501,565</u>

The majority of interfund receivables and payables for the City consist of amounts due to the General Fund for administrative charges, to Capital Projects for special assessment revenue, to Water and Waste Funds for service charges, and to the Equipment Fund for equipment rental charges. The majority of interfund transfers consisted of payments from the General Fund for operations of the Special Revenue funds and transfers to Debt Service for the payment of bond principal and interest.

CITY OF FRANKENMUTH  
NOTES TO FINANCIAL STATEMENTS

NOTE 5--Inter-fund Receivables, Payables and Transfers (continued)

The composition of inter-fund balances as of June 30, 2005, is as follows:

Due To/From Other Funds

Receivable		Payable		Receivable		Payable	
General	\$ 27,391	Major Street	\$ 27,391	Waste Water	\$ 352	General	\$ 352
General	12,093	Local Street	12,093	Waste Water	1,304	Local Street	1,304
General	327,597	Parks & Recreation	327,597	Waste Water	815	Parks & Recreation	815
General	21,972	DDA	21,972	Waste Water	44	Library	44
General	560	Building	560		<u>\$ 2,515</u>		<u>\$ 2,515</u>
General	1,090	Library	1,090				
General	1,200	Capital Projects	1,200	Water	\$ 6,660	General	\$ 6,660
General	3,558	Waste Water	3,558	Water	712	Local Street	712
General	5,272	Water	5,272	Water	1,670	Parks & Recreation	1,670
General	1,244	Equipment	1,244	Water	2,623	DDA	2,623
	<u>\$ 401,977</u>		<u>\$ 401,977</u>	Water	127	Library	127
				Water	3,585	Waste Water	3,585
Major Street	\$ 10,000	General	\$ 10,000	Water	115	Equipment	115
Major Street	1,076	DDA	1,076		<u>\$ 15,492</u>		<u>\$ 15,492</u>
Major Street	6,166	Waste Water	6,166				
	<u>\$ 17,242</u>		<u>\$ 17,242</u>				
				Equipment	\$ 26,995	General	\$ 26,995
Parks & Recreation	<u>\$ 24</u>	General Fund	<u>\$ 24</u>	Equipment	14,099	Major Street	14,099
				Equipment	13,803	Local Street	13,803
DDA	<u>\$ 327</u>	General Fund	<u>\$ 327</u>	Equipment	19,003	Parks & Recreation	19,003
				Equipment	1,869	DDA	1,869
Building	<u>\$ 1,609</u>	General	<u>\$ 1,609</u>	Equipment	157	Library	157
				Equipment	10,151	Waste Water	10,151
Debt Service	\$ 1,444	Debt Service	\$ 1,444	Equipment	16,141	Water	16,141
Debt Service	12,351	General	12,351		<u>\$ 102,218</u>		<u>\$ 102,218</u>
	<u>\$ 13,795</u>		<u>\$ 13,795</u>				
Capital Projects	<u>\$ 42,203</u>	DDA	<u>\$ 42,203</u>				

The composition of inter-fund transfers as of June 30, 2005, is as follows:

Transfers In/Out

Transfers In		Transfers Out		Transfers In		Transfers Out	
Major Street	\$ 69,000	General	\$ 69,000	Debt Service	\$ 115,271	General	\$ 115,272
Major Street	145,564	Block Road	145,564	Debt Service	112,831	Major Street	112,831
	<u>\$ 214,564</u>		<u>\$ 214,564</u>	Debt Service	21,667	Local Street	21,667
				Debt Service	806,820	DDA	806,820
Local Street	\$ 90,000	General	\$ 90,000		<u>\$ 1,056,589</u>		<u>\$ 1,056,590</u>
Local Street	33,000	Major Street	33,000				
Local Street	143,196	East Tuscola	143,196	Capital Projects	<u>\$ 15,686</u>	General	<u>\$ 15,686</u>
	<u>\$ 266,196</u>		<u>\$ 266,196</u>				
				Waste Water	\$ 20,567	East Tuscola	\$ 20,567
Parks & Recreation	<u>\$ 295,000</u>	General	<u>\$ 295,000</u>	Waste Water	128,874	General	128,874
					<u>149,441</u>		<u>149,441</u>
Library	<u>\$ 201,000</u>	General	<u>\$ 201,000</u>				

CITY OF FRANKENMUTH  
NOTES TO FINANCIAL STATEMENTS

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NOTE 6--Defined Benefit Pension Plan

Plan Description

The City's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The City participates in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer plan administered by the MERS Retirement Board, Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. The Municipal Employees Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing the Municipal Employees Retirement System of Michigan, 447 N. Canal Road, Lansing, Michigan 48917 or by calling (800) 767-6377.

Funding Policy

The City is required to contribute at an actuarially determined rate; the rate for the year ended June 30, 2005 was 8.25% for general employees, and 13.53% for police officers of annual covered payroll. City employees are required to contribute 3% of their annual compensation. The contribution requirements of the City are established and may be amended by the Retirement Board of MERS. The contribution requirements of plan members, if any, are established and may be amended by the City depending on the MERS contribution program adopted by the City.

Annual Pension Cost

For the year ended June 30, 2005, the City's annual pension cost of \$157,846 for MERS was equal to the City's required and actual contributions. The required contribution was determined as part of the December 31, 2003, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions

CITY OF FRANKENMUTH  
NOTES TO FINANCIAL STATEMENTS

NOTE 6--Pension Plan (continued)

Annual Pension Cost (continued)

included (a) an assumed rate of investment return, which is used to discount liabilities and project what plan assets will earn, (b) a mortality table projecting the number of employees who will die before retirement and duration of benefit payments after retirement, (c) assumed retirement rates projecting when employees will retire and commence receiving benefits, (d) a set of withdrawal and disability rates to estimate the number of employees who will leave the work force before retirement, (e) assumed rates of salary increase to project employees' compensation in future years. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return and includes an adjustment to reflect market value.

Three-year Trend information

Fiscal Year Ended	Annual Pension Cost	Percentage of APC Contributed
6/30/2003	\$ 100,086	100%
6/30/2004	131,429	100%
6/30/2005	157,848	100%

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability Entry Age (b)	Unfunded (Over Funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/(c)
12/31/2002	\$ 6,925,883	\$ 7,567,209	\$ 641,326	92%	\$ 1,524,503	42%
12/31/2003	7,280,597	8,173,175	892,578	89%	1,600,276	56%
12/31/2004	7,601,270	9,182,894	1,581,624	83%	1,702,210	93%

CITY OF FRANKENMUTH  
NOTES TO FINANCIAL STATEMENTS

NOTE 7--Unemployment Compensation

The City is subject to the Michigan Employment Security Act and has elected the reimbursement method of financing. Under this method, the City must reimburse the Employment Commission for all benefits charged against the City. For the year ended June 30, 2005, the City incurred \$91 in unemployment expense.

NOTE 8--Long-Term Debt

Long-term debt obligations for the year ended June 30, 2005, were as follows:

	Balance July 1, 2004	Additions	Retirements	Balance June 30, 2005	Current Portion
<b>Governmental Activities</b>					
General Obligation Bonds					
1997 DDA Bonds					
Amount of issue: \$2,600,000					
Maturing through 5/1/17	\$ 1,990,000	\$ -	\$ 120,000	\$ 1,870,000	\$ 125,000
2000 General Fund Streetscape					
Amount of issue: \$1,200,000					
Maturing through 10/1/16	940,000	-	50,000	890,000	55,000
1999 Major Street Bonds					
Amount of issue: \$332,000					
Maturing through 9/1/14	245,000	-	25,000	220,000	25,000
1999 MTF Bonds					
Amount of issue: \$380,000					
Maturing through 3/1/13	265,000	-	25,000	240,000	25,000
2000 DDA North Main Bonds					
Amount of issue: \$940,000					
Maturing through 5/1/2020	865,000	-	25,000	840,000	40,000
2001 DDA Phase 3 Bonds					
Amount of issue: \$1,300,000					
Maturing through 5/1/2021	1,275,000	-	45,000	1,230,000	45,000
EDC Technology Park Bonds					
Amount of issue: \$164,900					
Maturing through 9/1/09	133,844	-	21,913	111,931	22,933
Harvey Kern Pavilion Bonds					
Amount of issue: \$1,050,000					
Maturing through 10/18/2011		1,050,000	66,226	983,774	136,136
Total Governmental Activities					
General Obligation Bonds	<u>\$ 5,713,844</u>	<u>\$ 1,050,000</u>	<u>\$ 378,139</u>	<u>\$ 6,385,705</u>	<u>\$ 474,069</u>



CITY OF FRANKENMUTH  
NOTES TO FINANCIAL STATEMENTS

NOTE 8--Long-Term Debt (continued)

	Balance July 1, 2004	Additions	Retirements	Balance June 30, 2005	Current Portion
<b>Governmental Activities</b>					
Special Assessment Bonds					
2001 DDA Phase 3 Bonds					
Amount of issue: \$750,000					
Maturing through 10/1/25	\$ 665,000	\$ -	\$ 45,000	\$ 620,000	\$ 45,000
1997 DDA Bonds					
Amount of issue: \$1,415,000					
Maturing through 10/1/21	1,060,000	-	60,000	1,000,000	60,000
1988 Homestead Village Bonds					
Amount of issue: \$295,000					
Maturing through 11/1/08	80,000	-	15,000	65,000	15,000
1999 Major Street Bonds					
Amount of issue: \$332,000					
Maturing through 9/1/14	245,000	-	25,000	220,000	25,000
1999 DDA North Main Bonds					
Amount of issue: \$380,000					
Maturing through 9/1/24	320,000	-	15,000	305,000	15,000
1999 DDA North Main Bonds					
Amount of issue: \$295,000					
Maturing through 9/1/24	260,000	-	15,000	245,000	10,000
2004 Weiss Street Bonds					
Amount of issue: \$1,800,000					
Maturing through 4/1/24	1,800,000		60,000	1,740,000	60,000
2001 DDA Snowmelt Bonds					
Amount of issue: \$490,000					
Maturing through 9/1/16	455,000	-	25,000	430,000	25,000
Total Governmental Activities					
Special Assessment Bonds	<u>\$ 4,885,000</u>	<u>\$ -</u>	<u>\$ 260,000</u>	<u>\$ 4,625,000</u>	<u>\$ 255,000</u>

The 2001 DDA Phase 3 bonds are related to debt in both the Governmental activities and the Business-type activities. Of the \$620,000 balance, \$176,700 is debt held in the Waste Water Treatment Fund.

CITY OF FRANKENMUTH  
NOTES TO FINANCIAL STATEMENTS

NOTE 8--Long-Term Debt (continued)

	Balance July 1, 2005	Additions	Retirements	Balance June 30, 2005	Current Portion
<b>Business-type Activities</b>					
General Obligation Bonds					
2001 Waste Treatment Bonds					
Amount of issue: \$300,000					
Maturing through 10/1/15	\$ 270,000	\$ -	\$ 20,000	\$ 250,000	\$ 20,000
1997 Waste Plant Expansion Bonds					
Amount of issue: \$685,000					
Maturing through 5/1/07	275,000	-	75,000	200,000	100,000
2004 Waste Plant Expansion Bonds					
Amount of issue: \$1,200,000					
Maturing through 5/1/12	1,120,000		120,000	1,000,000	130,000
1997 Water Improvement Bonds					
Amount of issue: \$940,000					
Maturing through 5/1/17	740,000	-	40,000	700,000	40,000
2001 Waste Sag. Co. DPW Bonds					
Amount of issue: \$1,660,000					
Maturing through 6/1/16	1,485,000	-	95,000	1,390,000	100,000
1999 Waste Treatment SRF Bonds					-
Amount of issue: \$6,645,000					
Maturing through 4/1/19	5,250,000	-	300,000	4,950,000	305,000
Special Assessment Bonds					
2002 E Tuscola Area Bonds					
Amount of issue: \$1,225,000					
Maturing through 10/1/16	1,135,000	-	85,000	1,050,000	90,000
<b>Total Business-type Activities</b>	<b>\$ 10,275,000</b>	<b>\$ -</b>	<b>\$ 735,000</b>	<b>\$ 9,540,000</b>	<b>\$ 785,000</b>

Annual debt service requirements to maturity for the above governmental and business-type bonds and contracts are as follows:

	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2005-06	\$ 729,069	\$ 497,181	\$ 1,226,250	\$ 785,000	\$ 307,313	\$ 1,092,313
2006-07	745,362	483,194	1,228,556	800,000	283,098	1,083,098
2007-08	766,837	450,381	1,217,218	720,000	257,989	977,989
2008-09	818,504	415,494	1,233,998	735,000	236,949	971,949
2009-10	792,069	378,942	1,257,511	760,000	203,638	963,638
2010-11 thru 2014-15	3,633,864	1,361,940	4,995,804	3,655,000	640,089	4,295,089
2015-16 thru 2019-20	2,565,000	579,879	3,144,879	2,085,000	141,817	2,226,817
2020-21 thru 2024-25	960,000	104,578	1,064,578	-	-	-
<b>Totals</b>	<b>\$ 11,010,705</b>	<b>\$ 4,271,589</b>	<b>\$ 15,368,794</b>	<b>\$ 9,540,000</b>	<b>\$ 2,070,893</b>	<b>\$ 11,610,893</b>

CITY OF FRANKENMUTH  
NOTES TO FINANCIAL STATEMENTS

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NOTE 8--Long-Term Debt (continued)

For the year ended June 30, 2005, the total interest paid on bonded debt was \$859,503.

NOTE 9--Restricted Assets, Enterprise Funds

Accounts Receivable totaling \$8,582,503 in the Waste Treatment Fund and totaling \$1,338,400 in the Water Fund are restricted and represent amounts due from customers for repayment of general obligation bonds.

NOTE 10--Enterprise Funds--Depreciation Allocation

It is the policy of the City of Frankenmuth to distribute depreciation expense between unrestricted net assets and restricted net assets resulting from prior years contributions in aid of construction, based upon the source of the funds used to acquire the fixed assets.

NOTE 11--Reserved Fund Balances and Restricted Net Assets

Debt Service--The amount of \$85,561 has been reserved and can be used solely for the retirement of debt.

The amounts of \$9,598,622 and \$2,774,029 of restricted net assets in the Waste Water and Water Fund respectively, are from capital contributions made in prior years.

NOTE 12--Downtown Development Authority Captured Value

The Downtown Development Authority initial assessed valuation was established when the district was set. Subsequent to that initial value, additions and deletions to that valuation are captured and tax dollars from that captured value are recorded in the Downtown Development Authority Fund. Proposal A changed the formula to exclude school operating millage in the captured formula.

CITY OF FRANKENMUTH  
NOTES TO FINANCIAL STATEMENTS

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NOTE 13--Self-Insurance Program

The City of Frankenmuth offers a self-insured dental and medical plan to all full-time employees. The City established a fund for these claims through Michigan Employee Benefit Services. Employee claims are handled through MEBS. The City is billed for the excess of the claims over the fund.

NOTE 14--Risk Management

The City of Frankenmuth is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2005, the City of Frankenmuth participated in the Michigan Municipal Liability and Property Pool, a public entity risk pool currently operating as a common risk management program for municipalities in the State of Michigan. The City Council pays an annual premium to the pool for its general insurance coverage. The pool is self-sustaining through member premiums.

During the year ended June 30, 2005, the City also participated in the Michigan Municipal Worker's Compensation Self-Insurer's Fund (SIF) for its workers' compensation benefits. The SIF is also a common risk management program for municipalities in the State of Michigan and is self-sustaining through premiums. In the event of unusually high claims, both the SIP and the SIF have the authority to bill the members retroactively. The City continues to carry commercial insurance for other risks of loss, including employee health and property insurance.

NOTE 15--Post Employment Benefits

In addition to the pension benefits described in Note 3, the City of Frankenmuth provides post employment health insurance benefits in accordance with City's personnel regulations. In order to be eligible for health insurance coverage, a retiree must have at least ten years of full-time employment and be eligible for

CITY OF FRANKENMUTH  
NOTES TO FINANCIAL STATEMENTS

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NOTE 15--Post Employment Benefits (continued)

retirement benefits through the Municipal Employees Retirement System. For employees with at least ten years but less than thirty years of full-time employment the City will provide to retirees under sixty-five the Community Blue P.P.O. health plan with limited prescription coverage. The City will provide to retirees sixty-five years of age and over the Blue Cross Blue Shield Supplemental Coverage for Medicare benefits. After the retiree is eligible for Medicare, the retiree must pay the entire premium of the Blue Cross Blue Shield coverage. Currently, there are five participants.

During the year ended June 30, 2005, the cost for health insurance benefits to retirees was \$16,270.

NOTE 16--Contingencies and Commitments

The City is a third party guarantee of a loan between the Frankenmuth Chamber of Commerce and Standard Federal Bank in the amount of \$164,721 for remodeling of the Chamber building which the Chamber leases from the City.

NOTE 17--Subsequent Events

After the year ended June 30, 2005, the City refunded portions of the DDA bonded debt.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF FRANKENMUTH  
**GENERAL FUND**  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED JUNE 30, 2005

	Original Budget	Amended Budget	Revenue and Expenditures Actual
Revenues			
Taxes	\$ 2,035,000	\$ 2,035,000	\$ 2,021,976
State revenue	409,800	409,800	423,527
Licenses and permits	12,000	12,000	11,915
Charges for Service	887,422	887,422	979,979
Fines and forfeits	15,600	15,600	9,617
Other revenues	218,200	218,200	281,844
Total Revenues	<u>3,578,022</u>	<u>3,578,022</u>	<u>3,728,858</u>
Expenditures			
General Government	952,986	999,995	951,842
Public Safety	1,010,110	1,041,210	1,068,374
Highways and streets	177,000	177,000	167,678
Sanitation	253,500	283,100	279,852
Other Expenditures	308,591	333,591	242,995
Total Expenditures	<u>2,702,187</u>	<u>2,834,896</u>	<u>2,710,741</u>
Excess (Deficiency) of Revenues over Expenditures	<u>875,835</u>	<u>743,126</u>	<u>1,018,117</u>
Other Financing Sources (Uses)			
Operating Transfers In (Out)	<u>(875,835)</u>	<u>(984,221)</u>	<u>(1,028,783)</u>
Total Other Financing Sources (Uses)	<u>(875,835)</u>	<u>(984,221)</u>	<u>(1,028,783)</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	-	(241,095)	(10,666)
Fund Balances, Beginning	<u>1,176,412</u>	<u>1,176,412</u>	<u>1,176,412</u>
Fund Balances, Ending	<u>\$ 1,176,412</u>	<u>\$ 935,317</u>	<u>\$ 1,165,746</u>

See independent auditor's report

CITY OF FRANKENMUTH  
**DDA FUND**  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED JUNE 30, 2005

	Original Budget	Amended Budget	Revenues and Expenditures Actual
Revenues			
Taxes levied	\$ 84,072	\$ 84,072	\$ 84,334
Taxes captured	686,733	686,733	759,672
Total Taxes	<u>770,805</u>	<u>770,805</u>	<u>844,006</u>
Other Revenue			
Special assessments	242,988	242,988	204,586
Interest earnings	5,000	5,000	128,843
Miscellaneous	500	500	126
Total other revenues	<u>248,488</u>	<u>248,488</u>	<u>333,555</u>
Total revenues	<u>1,019,293</u>	<u>1,019,293</u>	<u>1,177,561</u>
Expenditures			
Administration	160,007	186,671	183,083
Maintenance	174,561	175,061	187,118
Bonding expenditures	3,500	-	-
Total expenditures	<u>338,068</u>	<u>361,732</u>	<u>370,201</u>
Excess of revenues over expenditures	<u>681,225</u>	<u>657,561</u>	<u>807,360</u>
Other financing sources (uses)			
Transfer out	<u>(783,710)</u>	<u>(785,710)</u>	<u>(806,820)</u>
Total other financing sources (uses)	<u>(783,710)</u>	<u>(785,710)</u>	<u>(806,820)</u>
Excess revenues and other financing sources over expenditures and other (uses)	<u>(102,485)</u>	<u>(128,149)</u>	<u>540</u>
Fund balance, beginning	<u>433,456</u>	<u>433,456</u>	<u>433,456</u>
Fund balance, ending	<u>\$ 330,971</u>	<u>\$ 305,307</u>	<u>\$ 433,996</u>

See independent auditor's report



CITY OF FRANKENMUTH  
**PARKS AND RECREATION FUND**  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED JUNE 30, 2005

	Original Budget	Amended Budget	Revenues and Expenditures Actual
Revenues			
Other Governmental Units	\$ 14,800	\$ 14,800	\$ 11,000
Charges for Services	85,000	81,400	86,056
Interest	4,000	4,000	11,584
Donations	8,000	496,775	727,990
Utilities reimbursement	10,000	10,000	10,021
Miscellaneous	700	700	1,884
Nonresident fees	6,000	5,500	4,876
Total Revenues	<u>128,500</u>	<u>613,175</u>	<u>853,411</u>
Expenditures			
Administration	124,450	135,175	144,413
Parks division	201,000	1,739,300	1,923,557
Recreation	101,950	83,700	91,086
Total expenditures	<u>427,400</u>	<u>1,958,175</u>	<u>2,159,056</u>
Excess of revenues over expenditures	<u>(298,900)</u>	<u>(1,345,000)</u>	<u>(1,305,645)</u>
Other financing sources (uses)			
Bond proceeds	-	1,050,000	1,050,000
Transfer in	295,000	295,000	295,000
Total other financing sources (uses)	<u>295,000</u>	<u>1,345,000</u>	<u>1,345,000</u>
Excess revenues and other financing sources over expenditures and other (uses)	<u>(3,900)</u>	<u>-</u>	<u>39,355</u>
Fund balance, beginning	90,384	90,384	90,384
Fund balance, ending	<u>\$ 86,484</u>	<u>\$ 90,384</u>	<u>\$ 129,739</u>

See independent auditor's report

OTHER SUPPLEMENTAL INFORMATION

CITY OF FRANKENMUTH  
GENERAL FUND

General Fund  
Comparative Balance Sheets  
June 30, 2005 and 2004

<u>Assets</u>	<u>2005</u>	<u>2004</u>
Cash	\$ 802,396	\$ 1,068,861
Investments	61,276	60,712
Receivables		
Other	1,566	2,527
Accounts	106,373	96,970
Special assessment receivable	14,946	31,507
Due from other funds	343,659	59,305
Due from other governmental units	82,248	73,540
Inventory, supplies	20,202	17,281
Prepaid expenditures	56,113	41,000
Total Assets	<u>\$ 1,488,779</u>	<u>\$ 1,451,703</u>
 <u>Liabilities and Fund Balance</u>		
Liabilities		
Accounts payable	\$ 187,761	\$ 132,225
Accrued expenditures	68,784	62,996
Deferred revenue	66,488	80,070
Total Liabilities	<u>323,033</u>	<u>275,291</u>
 Fund balance-Undesignated	 1,165,746	 1,176,412
Total Liabilities and Fund Balance	<u>\$ 1,488,779</u>	<u>\$ 1,451,703</u>

See independent auditor's report

City of Frankenmuth  
General Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2005  
(With Comparative Actual Amounts for the Year Ended June 30, 2004)

	2005			2004
	Budget	Actual	Over (Under) Budget	Actual
Revenues				
Taxes	\$ 2,035,000	\$ 2,021,976	\$ (13,024)	\$ 1,918,916
State revenue	409,800	423,527	13,727	431,617
Licenses and permits	12,000	11,915	(85)	9,709
Charge for services	887,422	979,979	92,557	888,099
Fine and forfeits	15,600	9,617	(5,983)	15,328
Other revenues	218,200	281,844	63,644	204,776
Total revenues	<u>3,578,022</u>	<u>3,728,858</u>	<u>150,836</u>	<u>3,468,445</u>
Expenditures				
General government	999,995	951,842	(48,153)	949,365
Public safety	1,041,210	1,068,374	27,164	1,005,678
Highway and streets	177,000	167,678	(9,322)	131,817
Sanitation	283,100	279,852	(3,248)	281,479
Other expenditures	333,591	242,995	(90,596)	259,910
Total expenditures	<u>2,834,896</u>	<u>2,710,741</u>	<u>(124,155)</u>	<u>2,628,249</u>
Excess of revenues over expenditures	<u>743,126</u>	<u>1,018,117</u>	<u>274,991</u>	<u>840,196</u>
Other financing sources (uses)				
Operating transfers (out)	<u>(984,221)</u>	<u>(1,028,783)</u>	<u>(44,562)</u>	<u>(1,024,252)</u>
Total other financing sources (uses)	<u>(984,221)</u>	<u>(1,028,783)</u>	<u>(44,562)</u>	<u>(1,024,252)</u>
Excess revenues and other financing sources over expenditures and other (uses)	<u>(241,095)</u>	<u>(10,666)</u>	<u>230,429</u>	<u>(184,056)</u>
Fund balance, beginning	<u>1,176,412</u>	<u>1,176,412</u>	<u>-</u>	<u>1,360,468</u>
Fund balance, ending	<u>\$ 935,317</u>	<u>\$ 1,165,746</u>	<u>\$ 230,429</u>	<u>\$ 1,176,412</u>

See independent auditor's report

City of Frankenmuth  
General Fund-Statement of Revenues  
Budget and Actual  
For the Year Ended June 30, 2005  
(With Comparative Actual Amounts for the Year Ended June 30, 2004)

	2005			2004
	Budget	Actual	Over (Under) Budget	Actual
Revenues				
Taxes				
Real property taxes	\$ 1,775,000	\$ 1,796,318	\$ 21,318	\$ 1,661,732
Personal property taxes	170,000	126,618	(43,382)	163,904
Administration fee	90,000	99,040	9,040	93,280
Total taxes	<u>2,035,000</u>	<u>2,021,976</u>	<u>(13,024)</u>	<u>1,918,916</u>
State revenues				
State revenue sharing	-	22,212	22,212	15,197
State grant - PA#302	800	950	150	1,763
State shared liquor licenses	11,000	12,304	1,304	11,715
State shared statutory	73,000	64,880	(8,120)	84,615
State shared constitutional	325,000	323,181	(1,819)	318,324
Total state revenues	<u>409,800</u>	<u>423,527</u>	<u>13,727</u>	<u>431,617</u>
Fees				
Zoning fees	12,000	11,915	(85)	9,709
Total fees	<u>12,000</u>	<u>11,915</u>	<u>(85)</u>	<u>9,709</u>
Charges for services				
Marriage fees	250	150	(100)	425
Customer services	67,000	110,697	43,697	74,042
Reserve police services	7,000	3,981	(3,019)	3,337
Refuse collection	300,000	324,539	24,539	314,563
Township police services	176,972	179,532	2,560	173,672
Recovery of benefits	84,000	100,892	16,892	90,632
DPW fringe benefit recovery	128,000	123,710	(4,290)	121,513
Administration fee	124,200	136,478	12,278	109,915
Total charges for services	<u>887,422</u>	<u>979,979</u>	<u>92,557</u>	<u>888,099</u>
Fines and forfeits				
Penalties on tax collections	7,000	4,027	(2,973)	9,438
Ordinance fines	6,200	3,535	(2,665)	3,576
Penalties on refuse collection	2,400	2,055	(345)	2,314
Total fines and forfeits	<u>15,600</u>	<u>9,617</u>	<u>(5,983)</u>	<u>15,328</u>
Other revenues				
Interest	27,000	25,037	(1,963)	11,410
Sale of fixed assets	200	12,962	12,762	2,514
Donations	146,000	178,768	32,768	131,896
Miscellaneous	8,000	14,236	6,236	13,075
Tower site leases	22,500	31,100	8,600	30,100
Special assessments	10,000	15,241	5,241	11,281
Computer administration	4,500	4,500	-	4,500
Total other revenues	<u>218,200</u>	<u>281,844</u>	<u>63,644</u>	<u>204,776</u>
Total revenues	<u>\$ 3,578,022</u>	<u>\$ 3,728,858</u>	<u>\$ 150,836</u>	<u>\$ 3,468,445</u>

See independent auditor's report.

City of Frankenmuth  
General Fund  
Statement of Expenditures  
Budget and Actual  
For the Year Ended June 30, 2005  
(With Comparative Actual Amounts for the Year Ended June 30, 2004)

	2005			2004
	Budget	Actual	Over (Under) Budget	Actual
Expenditures				
General Government				
Election	\$ 10,500	\$ 7,851	\$ (2,649)	\$ 3,218
Independent audit	11,159	11,159	-	8,000
Assessor	34,800	30,849	(3,951)	10,730
General office staff	476,100	459,908	(16,192)	449,089
City-Township hall and grounds	23,345	23,345	-	23,703
City property	97,500	75,466	(22,034)	125,186
City-Township cemetery	13,241	13,241	-	13,203
City Hall	63,000	47,810	(15,190)	54,316
Other personal services and supplies	270,350	282,213	11,863	261,920
Total General Government	<u>999,995</u>	<u>951,842</u>	<u>(48,153)</u>	<u>949,365</u>
Public Safety				
Police department	826,000	844,549	18,549	791,666
Fire protection	196,210	196,210	-	197,041
Flood protection	19,000	27,615	8,615	16,971
Total Public Safety	<u>1,041,210</u>	<u>1,068,374</u>	<u>27,164</u>	<u>1,005,678</u>
Highways and Streets				
Sidewalks	105,000	97,614	(7,386)	61,276
Street lighting	72,000	70,064	(1,936)	70,541
Total Highways and Streets	<u>177,000</u>	<u>167,678</u>	<u>(9,322)</u>	<u>131,817</u>
Sanitation				
Refuse collection	283,100	279,852	(3,248)	281,479

See independent auditor's report

City of Frankenmuth  
General Fund  
Statement of Expenditures  
Budget and Actual (Continued)  
For the Year Ended June 30, 2005  
(With Comparative Actual Amounts for the Year Ended June 30, 2004)

	2005			2004
	Budget	Actual	Over (Under) Budget	Actual
Expenditures				
Other Expenditures				
Engineering and supervision	\$ 53,800	\$ 46,674	\$ (7,126)	\$ 58,788
City Beautification Committee	163,000	164,578	1,578	105,457
Insurance and bonds	40,000	10,161	(29,839)	13,312
Michigan Week activities	3,600	3,696	96	28,755
Sister City Committee activities	500	1,568	1,068	354
Economic Development program	30,000	9,772	(20,228)	45,807
DDA special assessments	4,200	4,108	(92)	4,005
Other community promotion	38,491	2,436	(36,055)	3,432
Total Other Expenditures	<u>333,591</u>	<u>242,995</u>	<u>(90,596)</u>	<u>259,910</u>
Total Expenditures	<u>2,834,896</u>	<u>2,710,741</u>	<u>(124,155)</u>	<u>2,628,249</u>
Other Financing Uses (Sources)				
Operating transfers out (in)				
Major Street Fund	69,000	69,000	-	70,000
Local Street Fund	60,000	90,000	30,000	110,000
Library Fund	201,000	201,000	-	195,000
Parks and Recreation Fund	295,000	295,000	-	294,000
Waste Treatment	128,874	128,874	-	139,480
Block Road	-	15,685	15,685	43,405
Debt Service Funds				
2002 Business Park	27,821	27,821	-	27,821
Homestead Village G.O.	20,000	18,416	(1,584)	19,091
Harvey Kern Pavilion G.O.	85,971	86,132	161	26,250
2000 DDA G.O.	96,555	96,855	300	99,205
Total Other Financing Uses	<u>984,221</u>	<u>1,028,783</u>	<u>44,562</u>	<u>1,024,252</u>
Total Expenditures and Other Financing Uses	<u>\$ 3,819,117</u>	<u>\$ 3,739,524</u>	<u>\$ (79,592)</u>	<u>\$ 3,652,501</u>

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CITY OF FRANKENMUTH  
SPECIAL REVENUE FUNDS

Major Street

Local Street

Parks and Recreation

Downtown Development Authority

Drug Law Enforcement

James E. Wickson Memorial Library

Building Department

City of Frankenmuth  
Major Street Fund  
Comparative Balance Sheets  
June 30, 2005 and 2004

<u>Assets</u>	<u>2005</u>	<u>2004</u>
Cash	\$ 91,374	\$ 97,183
Account receivable	-	150
Due from other governmental units	44,543	45,345
Special assessment receivable	103,193	114,437
Total Assets	<u>\$ 239,110</u>	<u>\$ 257,115</u>
 <u>Liabilities and Fund Balance</u>		
Liabilities		
Accounts payable	\$ 1,542	\$ 6,443
Due to other funds	24,248	28,764
Deferred revenue	206,948	218,192
Total Liabilities	<u>232,738</u>	<u>253,399</u>
 Fund balance-Undesignated	 6,372	 3,716
Total Liabilities and Fund Balance	<u>\$ 239,110</u>	<u>\$ 257,115</u>

See independent auditor's report

City of Frankenmuth  
Major Street Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2005  
(With Comparative Actual Amounts for the Year Ended June 30, 2004)

	2005		Over (Under) Budget	2004
	Budget	Actual		Actual
Revenues				
State revenue				
Local roads program	\$ 7,700	\$ 7,790	\$ 90	\$ 7,816
State gas and weight tax	240,000	230,123	(9,877)	238,834
Trunkline maintenance	23,000	27,407	4,407	34,462
Total State Revenues	<u>270,700</u>	<u>265,320</u>	<u>(5,380)</u>	<u>281,112</u>
Other revenues				
Interest	9,000	8,597	(403)	8,663
Miscellaneous	-	242	242	30,153
Special Assessments	35,000	11,244	(23,756)	39,759
Total Other Revenues	<u>44,000</u>	<u>20,083</u>	<u>(23,917)</u>	<u>78,575</u>
Total Revenues	<u>314,700</u>	<u>285,403</u>	<u>(29,297)</u>	<u>359,687</u>
Expenditures				
Highway and Streets				
Improvements	40,000	145,627	105,627	74,788
Routine maintenance	62,000	73,795	11,795	114,408
Traffic services, maintenance	18,000	19,318	1,318	25,888
Signal charges and channel service	12,000	9,199	(2,801)	21,061
Winter maintenance	22,000	27,612	5,612	26,031
Admin. and engineering	22,000	27,897	5,897	23,883
State Trunkline maintenance	33,000	25,921	(7,079)	43,419
Tree planting and maintenance	10,000	22,111	12,111	10,716
Total Expenditures	<u>219,000</u>	<u>351,480</u>	<u>132,480</u>	<u>340,194</u>
Excess of Revenues Over Expenditures	<u>95,700</u>	<u>(66,077)</u>	<u>(161,777)</u>	<u>19,493</u>
Other Financing Sources (Uses)				
Operating transfers in	69,000	214,564	145,564	37,000
Debt service payment transfers out	<u>(144,630)</u>	<u>(145,831)</u>	<u>(1,201)</u>	<u>(106,231)</u>
Total Other Financing Sources (Uses)	<u>(75,630)</u>	<u>68,733</u>	<u>144,363</u>	<u>(69,231)</u>
Excess of Revenues and Other Sources Over Expenditures and Other (Uses)	<u>20,070</u>	<u>2,656</u>	<u>(17,414)</u>	<u>(49,738)</u>
Fund Balance, Beginning	<u>3,716</u>	<u>3,716</u>	<u>-</u>	<u>53,454</u>
Fund Balance, Ending	<u>\$ 23,786</u>	<u>\$ 6,372</u>	<u>\$ (17,414)</u>	<u>\$ 3,716</u>

See independent auditor's report

City of Frankenmuth  
Local Street Fund  
Comparative Balance Sheets  
June 30, 2005 and 2004

<u>Assets</u>	<u>2005</u>	<u>2004</u>
Cash	\$ 7,573	\$ 16,174
Accounts receivable	-	400
Due from other governmental units	15,012	16,321
Special assessment receivable	43,663	58,060
Total Assets	<u>\$ 66,248</u>	<u>\$ 90,955</u>
 <u>Liabilities and Fund Balance</u>		
Liabilities		
Accounts payable	\$ 303	\$ 1,599
Due to other funds	27,912	23,357
Deferred revenue	35,189	48,887
Total Liabilities	<u>63,404</u>	<u>73,843</u>
 Fund balance-Undesignated	 2,844	 17,112
Total Liabilities and Fund Balance	<u>\$ 66,248</u>	<u>\$ 90,955</u>

See independent auditor's report

City of Frankenmuth  
Local Street Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2005  
(With Comparative Actual Amounts for the Year Ended June 30, 2004)

	2005			2004
	Budget	Actual	Over (Under) Budget	Actual
Revenues				
State revenue				
Local roads program	\$ 3,000	\$ 3,038	\$ 38	\$ 3,043
State gas and weight tax	87,000	89,758	2,758	92,992
Total State Revenues	90,000	92,796	2,796	96,035
Other revenues				
Interest	4,750	3,902	(848)	4,839
Miscellaneous	-	-	-	150
Special Assessments	15,000	13,698	(1,302)	13,142
Total Other Revenues	19,750	17,600	(2,150)	18,131
Total Revenues	109,750	110,396	646	114,166
Expenditures				
Highway and Streets				
Improvements	31,000	144,683	113,683	58,304
Routine maintenance	110,500	124,039	13,539	67,379
Traffic services, maintenance	7,000	6,988	(12)	4,813
Winter maintenance	35,000	35,768	768	34,961
Admin. and engineering	8,700	8,976	276	9,299
Tree planting and maintenance	40,000	48,739	8,739	51,471
Total Expenditures	232,200	369,193	136,993	226,230
Excess of Revenues Over Expenditures	(122,450)	(258,797)	(136,347)	(112,064)
Other Financing Sources (Uses)				
Operating transfer in	130,000	266,196	136,196	143,000
Operating transfer out	(21,600)	(21,667)	(67)	(22,244)
Total Other Financing Sources (Uses)	108,400	244,529	136,129	120,756
Excess of Revenues and Other Sources Over Expenditures and Other (Uses)	(14,050)	(14,268)	(218)	8,692
Fund Balance, Beginning	17,112	17,112	-	8,420
Fund Balance, Ending	\$ 3,062	\$ 2,844	\$ (218)	\$ 17,112

See independent auditor's report

City of Frankenmuth  
Parks and Recreation Fund  
Comparative Balance Sheets  
June 30, 2005 and 2004

<u>Assets</u>	<u>2005</u>	<u>2004</u>
Cash	\$ 22,223	\$ 134,000
Accounts receivable	730,452	10,219
Prepaid expenditures	24,024	5,131
Total Assets	<u>\$ 776,699</u>	<u>\$ 149,350</u>
 <u>Liabilities and Fund Balance</u>		
Liabilities		
Accounts payable	\$ 283,958	\$ 14,590
Due to other funds	349,061	28,205
Deferred revenue	13,047	15,692
Accrued expenditures	894	479
Total Liabilities	<u>646,960</u>	<u>58,966</u>
 Fund balance-Undesignated	 129,739	 90,384
Total Liabilities and Fund Balance	<u>\$ 776,699</u>	<u>\$ 149,350</u>

See independent auditor's report

City of Frankenmuth  
Parks and Recreation Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2005  
(With Comparative Actual Amounts for the Year Ended June 30, 2004)

	2005		Over (Under) Budget	2004
	Budget	Actual		Actual
Revenues				
Other Governmental Units				
Frankenmuth Township	\$ 11,000	\$ 11,000	\$ -	\$ 10,000
Blumfield Township	3,800	-	(3,800)	2,400
Total Other Governmental Units	<u>14,800</u>	<u>11,000</u>	<u>(3,800)</u>	<u>12,400</u>
Charges for Services				
Men's basketball	3,100	1,376	(1,724)	3,539
Men's volleyball	900	1,732	832	952
Women's volleyball	1,300	1,812	512	1,425
Men's slow pitch	8,700	7,131	(1,569)	8,637
Women's softball	2,300	2,371	71	2,297
Youth league	10,500	9,931	(569)	10,332
Swimming lessons	4,000	5,670	1,670	5,105
Pool admissions and rental	6,000	6,850	850	5,755
Co-ed volleyball	200	494	294	181
Lacrosse	3,000	880	(2,120)	3,260
AYSO soccer	6,200	4,063	(2,137)	8,951
Miscellaneous	6,200	12,518	6,318	5,825
Cross country skis rental	100	240	140	114
Ball diamonds rental	600	440	(160)	525
Park facilities rental	28,300	30,548	2,248	28,343
Total Charge for Services	<u>81,400</u>	<u>86,056</u>	<u>4,656</u>	<u>85,241</u>
Other Revenue				
Interest	4,000	11,584	7,584	1,027
Donations	496,775	727,990	231,215	1,355
Utilities reimbursement	10,000	10,021	21	2,489
Miscellaneous	700	1,884	1,184	1,531
Nonresident fees	5,500	4,876	(624)	5,390
Total Other Revenues	<u>516,975</u>	<u>756,355</u>	<u>239,380</u>	<u>11,792</u>
Total Revenues	<u>\$ 613,175</u>	<u>\$ 853,411</u>	<u>\$ 240,236</u>	<u>\$ 109,433</u>

See independent auditor's report.

City of Frankenmuth  
Parks and Recreation Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2005  
(With Comparative Actual Amounts for the Year Ended June 30, 2004)

	2005			2004
	Budget	Actual	Over (Under) Budget	Actual
Expenditures				
Administration	\$ 135,175	\$ 144,413	\$ 9,238	\$ 132,659
Park Division				
Capital improvements	1,565,000	1,742,618	177,618	41,458
Utilities	30,000	36,577	6,577	29,197
Maintenance				
Memorial Park	56,000	41,125	(14,875)	54,624
Heritage Park	51,800	69,958	18,158	47,436
Other parks	30,000	28,513	(1,487)	29,854
Band Shell	6,500	4,766	(1,734)	6,322
Total Parks Division	1,739,300	1,923,557	184,257	208,891
Recreation				
Swimming pool	30,000	27,861	(2,139)	28,802
Tennis	100	488	388	-
Ball diamonds	16,000	12,944	(3,056)	19,590
Skating rink	4,000	3,531	(469)	8,610
Volleyball - Men's, Women's, Co-ed	900	894	(6)	748
Men's basketball	3,100	5,534	2,434	4,593
Cross country skiing	100	-	(100)	-
Men's slow pitch	5,500	4,028	(1,472)	5,388
Women's softball	2,300	1,067	(1,233)	2,263
Youth league	10,000	7,384	(2,616)	8,290
Lacrosse	3,000	1,066	(1,934)	2,787
AYSO Soccer	2,500	4,815	2,315	1,775
Miscellaneous	6,200	21,474	15,274	14,154
Total Recreation Division	83,700	91,086	7,386	97,000
Total Expenditures	1,958,175	2,159,056	200,881	438,550
Excess (Deficiency) of Revenues				
Over Expenditures	(1,345,000)	(1,305,645)	39,355	(329,117)
Other Financing Sources				
Bond proceeds	1,050,000	1,050,000	-	-
Operating transfers in	295,000	295,000	-	294,000
Total Other Financing Sources	1,345,000	1,345,000	-	294,000
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	-	39,355	39,355	(35,117)
Fund Balance, Beginning	90,384	90,384	-	125,501
Fund Balance, Ending	\$ 90,384	\$ 129,739	\$ 39,355	\$ 90,384
See independent auditor's report.				



City of Frankenmuth  
Downtown Development Authority Fund  
Comparative Balance Sheets  
June 30, 2005 and 2004

<u>Assets</u>	<u>2005</u>	<u>2004</u>
Cash	\$ 366,395	\$ 1,024,870
Accounts receivable	7,008	23,729
Special assessment receivable	2,194,453	2,397,874
Prepaid expenditures	1,511	1,780
Total Assets	<u>\$ 2,569,367</u>	<u>\$ 3,448,253</u>
 <u>Liabilities and Fund Balance</u>		
Liabilities		
Accounts payable	\$ 7,082	\$ 25,154
Due to other funds	69,416	728,146
Deferred revenue	2,057,675	2,261,095
Accrued expenditures	1,198	402
Total Liabilities	<u>2,135,371</u>	<u>3,014,797</u>
 Fund balance	 433,996	 433,456
Total Liabilities and Fund Balance	<u>\$ 2,569,367</u>	<u>\$ 3,448,253</u>

See independent auditor's report.

City of Frankenmuth  
Downtown Development Authority Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2005  
(With Comparative Actual Amounts for the Year Ended June 30, 2004)

	2005			2004
	Budget	Actual	Over (Under) Budget	Actual
Revenues				
Taxes levied	\$ 84,072	\$ 84,334	\$ 262	\$ 84,451
Taxes captured	686,733	759,672	72,939	642,652
Total Taxes	<u>770,805</u>	<u>844,006</u>	<u>73,201</u>	<u>727,103</u>
Other Revenue				
State grant	-	-	-	51,618
Special assessments	242,988	204,586	(38,402)	157,769
Interest earnings	5,000	128,843	123,843	129,748
Miscellaneous	500	126	(374)	75
Total other revenues	<u>248,488</u>	<u>333,555</u>	<u>85,067</u>	<u>339,210</u>
Total revenues	<u>1,019,293</u>	<u>1,177,561</u>	<u>158,268</u>	<u>1,066,313</u>
Expenditures				
Administration	186,671	183,083	(3,588)	158,992
DDA projects/River Platz/Storm Sewer	-	-	-	65,824
Maintenance	175,061	187,118	12,057	155,820
Total expenditures	<u>361,732</u>	<u>370,201</u>	<u>8,469</u>	<u>380,636</u>
Excess of revenues over expenditures	<u>657,561</u>	<u>807,360</u>	<u>149,799</u>	<u>685,677</u>
Other financing sources (uses)				
Transfer out	(785,710)	(806,820)	(21,110)	(665,489)
Total other financing sources (uses)	<u>(785,710)</u>	<u>(806,820)</u>	<u>(21,110)</u>	<u>(665,489)</u>
Excess revenues and other financing sources over expenditures and other (uses)	<u>(128,149)</u>	<u>540</u>	<u>128,689</u>	<u>20,188</u>
Fund balance, beginning	433,456	433,456	-	413,268
Fund balance, ending	<u>\$ 305,307</u>	<u>\$ 433,996</u>	<u>\$ 128,689</u>	<u>\$ 433,456</u>

See independent auditor's report

City of Frankenmuth  
Downtown Development Authority  
Operating Statistics  
For the Year Ended June 30, 2005

Memo Information:

	Ad Valorem		CFT/IFT	Total
	Real	Personal	Real/ Personal	
<u>Initial assessed value:</u>	<u>\$ 29,416,400</u>	<u>\$ 10,046,900</u>	<u>\$ 2,753,250</u>	<u>\$ 42,216,550</u>
<u>Captured taxable value:</u>				
Year ended June 30, 2005	\$ 37,338,129	\$ 1,771,700	\$ (2,341,050)	\$ 36,768,779
Year ended June 30, 2004	32,951,377	735,377	(1,878,450)	31,808,304
Year ended June 30, 2003	31,261,176	354,755	(1,780,900)	29,835,031

See independent auditor's report

City of Frankenmuth  
Drug Law Enforcement Fund  
Comparative Balance Sheets  
June 30, 2005 and 2004

	<u>Assets</u>	<u>2005</u>	<u>2004</u>
Cash		\$ 3,116	\$ 6,995
Total Assets		<u>\$ 3,116</u>	<u>\$ 6,995</u>
	<u>Fund Balance</u>		
Fund balance		\$ 3,116	\$ 6,995
Total Fund Balance		<u>\$ 3,116</u>	<u>\$ 6,995</u>

See independent auditor's report.

City of Frankenmuth  
Drug Law Enforcement Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2005  
(With Comparative Actual Amounts for the Year Ended June 30, 2004)

	2005			2004
	Budget	Actual	Over (Under) Budget	Actual
Revenues				
Drug forfeiture	\$ 1,000	\$ 2,917	\$ 1,917	\$ 4,800
Total revenue	<u>1,000</u>	<u>2,917</u>	<u>1,917</u>	<u>4,800</u>
Other Revenue				
Interest earnings	15	69	54	23
Total other revenues	<u>15</u>	<u>69</u>	<u>54</u>	<u>23</u>
Total revenues	<u>1,015</u>	<u>2,986</u>	<u>1,971</u>	<u>4,823</u>
Expenditures				
Canine vehicle	-	-	-	1
Contracted services	1,000	-	(1,000)	-
Supplies	-	497	497	598
Miscellaneous	15	872	857	-
New equipment	<u>5,285</u>	<u>5,496</u>	<u>211</u>	<u>-</u>
Total expenditures	<u>6,300</u>	<u>6,865</u>	<u>565</u>	<u>599</u>
Excess of revenues over expenditures	<u>(5,285)</u>	<u>(3,879)</u>	<u>1,406</u>	<u>4,224</u>
Fund balance, beginning	6,995	6,995	-	2,771
Fund balance, ending	<u>\$ 1,710</u>	<u>\$ 3,116</u>	<u>\$ 1,406</u>	<u>\$ 6,995</u>

See independent auditor's report

City of Frankenmuth  
James E. Wickson Memorial Library Fund  
Comparative Balance Sheets  
June 30, 2005 and 2004

<u>Assets</u>	<u>2005</u>	<u>2004</u>
Cash	\$ 122,290	\$ 117,033
Investments	46,508	21,188
Due from other governmental units	30,621	26,240
Prepaid expenditures	6,648	7,861
Total Assets	<u>\$ 206,067</u>	<u>\$ 172,322</u>
 <u>Liabilities and Fund Balance</u>		
Liabilities		
Accounts payable	\$ 4,438	\$ 5,353
Due to other funds	1,418	1,851
Deferred revenue	78,789	48,818
Total Liabilities	<u>84,645</u>	<u>56,022</u>
 Fund Balance	 <u>121,422</u>	 <u>116,300</u>
Total Liabilities and Fund Balance	<u>\$ 206,067</u>	<u>\$ 172,322</u>

See independent auditor's report.

City of Frankenmuth  
James E. Wickson Memorial Library Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2005  
(With Comparative Actual Amounts for the Year Ended June 30, 2004)

	2005			2004
	Budget	Actual	Over (Under) Budget	Actual
Revenues				
State aid, City	\$ 4,218	\$ 4,017	\$ (201)	\$ 4,216
State aid, Township	1,786	1,982	196	1,783
Total State	<u>6,004</u>	<u>5,999</u>	<u>(5)</u>	<u>5,999</u>
Other governmental units				
Frankenmuth Twp	8,000	10,000	2,000	9,000
Blumfield Twp	<u>3,100</u>	<u>-</u>	<u>(3,100)</u>	<u>6,200</u>
Total governmental units	<u>11,100</u>	<u>10,000</u>	<u>(1,100)</u>	<u>15,200</u>
Fines				
Library books	3,900	3,639	(261)	4,729
City-Penal	13,600	19,337	5,737	18,368
Township-penal	<u>6,400</u>	<u>8,287</u>	<u>1,887</u>	<u>7,872</u>
Total Fines	<u>23,900</u>	<u>31,263</u>	<u>7,363</u>	<u>30,969</u>
Other Revenues				
Interest	1,000	2,678	1,678	861
Donations and contributions	14,500	21,168	6,668	16,405
VHS rental	6,000	2,963	(3,037)	4,150
Miscellaneous	<u>5,800</u>	<u>5,331</u>	<u>(469)</u>	<u>5,321</u>
Total other revenues	<u>27,300</u>	<u>32,140</u>	<u>4,840</u>	<u>26,737</u>
Total Revenues	<u>\$ 68,304</u>	<u>\$ 79,402</u>	<u>\$ 11,098</u>	<u>\$ 78,905</u>

See independent auditor's report

City of Frankenmuth  
James E. Wickson Memorial Library Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2005  
(With Comparative Actual Amounts for the Year Ended June 30, 2004)

	2005			2004
	Budget	Actual	Over (Under) Budget	Actual
Expenditures				
Cultural				
Salaries	\$ 135,000	\$ 142,250	\$ 7,250	\$ 128,475
Fringe benefits	30,050	23,459	(6,591)	26,552
Office supplies and postage	6,700	4,988	(1,712)	7,292
Operating supplies	2,600	1,960	(640)	2,072
Magazines and newspapers	6,000	5,828	(172)	4,425
Memberships and dues	3,800	3,418	(382)	4,818
Transportation and conferences	1,200	909	(291)	326
Insurance	4,500	2,926	(1,574)	3,889
Utilities	23,000	19,637	(3,363)	18,022
Maintenance and repairs	18,000	16,803	(1,197)	12,717
Equipment maintenance and support	11,000	12,168	1,168	6,416
Office equipment and furniture	11,000	8,570	(2,430)	6,986
Books	26,000	25,492	(508)	26,679
Audio-visual materials	3,000	2,014	(986)	1,921
Video cassettes	2,000	1,858	(142)	976
Miscellaneous	5,210	3,000	(2,210)	5,203
Total expenditures	<u>289,060</u>	<u>275,280</u>	<u>(13,780)</u>	<u>256,769</u>
Excess (Deficiency) of revenues over expenditures	<u>(220,756)</u>	<u>(195,878)</u>	<u>24,878</u>	<u>(177,864)</u>
Other financing sources				
Operating transfers in	<u>201,000</u>	<u>201,000</u>	<u>-</u>	<u>195,000</u>
Total other financing sources	<u>201,000</u>	<u>201,000</u>	<u>-</u>	<u>195,000</u>
Excess (Deficiency) of revenues and other financing sources over expenditures	<u>(19,756)</u>	<u>5,122</u>	<u>24,878</u>	<u>17,136</u>
Fund balance, beginning	<u>116,300</u>	<u>116,300</u>	<u>-</u>	<u>99,164</u>
Fund balance, ending	<u>\$ 96,544</u>	<u>\$ 121,422</u>	<u>\$ 24,878</u>	<u>\$ 116,300</u>
See independent auditor's report.				



City of Frankenmuth  
Building Department Fund  
Balance Sheet  
June 30, 2005 and 2004

<u>Assets</u>	<u>2005</u>	<u>2004</u>
Cash	\$ 96,502	\$ 34,793
Accounts Receivable	1,249	159
Accrued interest receivable	98	36
Due from other governmental units	102	-
Due from other funds	1,049	1,563
Prepaid expenditures	3,310	2,800
Total Assets	<u>\$ 102,310</u>	<u>\$ 39,351</u>
 <u>Liabilities and Fund Balance</u>		
Liabilities		
Accounts Payable	\$ -	\$ 3,991
Total Liabilities	<u>-</u>	<u>3,991</u>
Fund balance	102,310	35,360
Total Liabilities and Fund Balance	<u>\$ 102,310</u>	<u>\$ 39,351</u>

See independent auditor's report

City of Frankenmuth  
Building Department Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2005  
(With Comparative Actual Amounts for the Year Ended June 30, 2004)

	2005			2004
	Budget	Actual	Over (Under) Budget	Actual
Revenues				
Building permits and plan reviews	\$ 55,000	\$ 80,678	\$ 25,678	\$ 34,995
Plumbing permits and plan reviews	9,100	14,940	5,840	7,642
Electrical permits and plan reviews	18,150	24,796	6,646	12,604
Mechanical permits and plan reviews	10,260	18,758	8,498	9,794
Interest	-	302	302	121
Contributions	-	7,728	7,728	8,500
Miscellaneous	-	66	66	-
Total Revenues	<u>92,510</u>	<u>147,268</u>	<u>54,758</u>	<u>73,656</u>
Expenditures				
Administration	-	14,343	14,343	13,957
Building Inspection	54,662	37,270	(17,392)	26,308
Plumbing/Mechanical Inspections	9,500	3,335	(6,165)	7,765
Electrical Inspections	18,200	25,370	7,170	8,245
Total Expenditures	<u>82,362</u>	<u>80,318</u>	<u>(2,044)</u>	<u>56,275</u>
Excess of Revenues Over Expenditures	<u>10,148</u>	<u>66,950</u>	<u>56,802</u>	<u>17,381</u>
Fund Balance, Beginning	35,360	35,360	-	17,979
Fund Balance, Ending	<u>\$ 45,508</u>	<u>\$ 102,310</u>	<u>\$ 56,802</u>	<u>\$ 35,360</u>

See independent auditor's report.

CITY OF FRANKENMUTH  
DEBT SERVICE FUNDS

1986 G.O. Summergreen/Churchgrove

1988 G.O. Homestead Village

1992 Woodland Acres

1997 S.A. DDA

1997 G.O. DDA

1997 S.A. DDA

1999 W. Tuscola G.O.

1999 W. Tuscola S.A.

1999 DDA S.A.

2000 DDA S.A.

1999 MTF

2001 Georgetown G.O.

City of Frankenmuth  
Debt Service Funds  
Combining Balance Sheet  
June 30, 2005  
(With Comparative Totals for the Year Ended June 30, 2005)

	1986 Summergreen Churchgrove G.O. Bonds	1988 Homestead Village G.O. Bonds	1992 Woodland Acres Bond	Totals 2005	2004
<u>Assets</u>					
Cash	\$ 20,614	\$ -	\$ -	\$ 20,614	\$ 16,699
Investments	-	48,153	-	48,153	47,711
Special assessment receivable	6,568	-	17,651	24,219	28,663
Due from other funds	-	-	13,795	13,795	10,933
Total Assets	<u>\$ 27,182</u>	<u>\$ 48,153</u>	<u>\$ 31,446</u>	<u>\$ 106,781</u>	<u>\$ 104,011</u>
<u>Liabilities and Fund Balances</u>					
Due to other funds	\$ 1,444	\$ -	\$ -	\$ 1,444	\$ 1,444
Deferred special assessments	3,675	-	16,101	19,776	24,189
Total Liabilities	<u>5,119</u>	<u>-</u>	<u>16,101</u>	<u>21,220</u>	<u>25,633</u>
Reserved fund balances	22,063	48,153	15,345	85,561	78,378
Total Liabilities and Fund Balances	<u>\$ 27,182</u>	<u>\$ 48,153</u>	<u>\$ 31,446</u>	<u>\$ 106,781</u>	<u>\$ 104,011</u>

See independent auditor's report

City of Fran  
Debt Servic  
Statement of Revenues, Expenditure  
For the Year End  
(With Comparative Actual Amounts f

	1986 Summergreen Churchgrove G.O. Bonds	1988 Homestead Village G.O. Bonds	1992 Woodland Acres Bond	1997 S.A. DDA	1997 G.O. DDA	1997 S.A. DDA
Revenues						
Special assessments	\$ 2,862	\$ -	\$ 1,551	\$ -	\$ -	\$ -
Interest	1,023	442	1,305	-	-	-
Total revenues	<u>3,885</u>	<u>442</u>	<u>2,856</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures						
Debt service						
Principal retirement	-	15,000	-	60,000	50,000	294,350
Interest and fiscal charges	-	3,416	-	53,000	46,855	335,496
Total expenditures	<u>-</u>	<u>18,416</u>	<u>-</u>	<u>113,000</u>	<u>96,855</u>	<u>629,846</u>
Excess (deficiency) of revenues over expenditures	<u>3,885</u>	<u>(17,974)</u>	<u>2,856</u>	<u>(113,000)</u>	<u>(96,855)</u>	<u>(629,846)</u>
Other financing sources						
Transfer in (out)	<u>-</u>	<u>18,416</u>	<u>-</u>	<u>113,000</u>	<u>96,855</u>	<u>629,846</u>
Excess revenues and other financing sources over expenditures	<u>3,885</u>	<u>442</u>	<u>2,856</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, beginning	18,178	47,711	12,489	-	-	-
Fund balance, ending	<u>\$ 22,063</u>	<u>\$ 48,153</u>	<u>\$ 15,345</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

kenmuth  
e Funds  
es and Changes in Fund Balance  
d June 30, 2005  
or the Year Ended June 30, 2004)

1999 W. Tuscola G.O. Bonds	1999 W. Tuscola S.A. Bonds	1999 S.A. DDA	2000 S.A. DDA	1999 MTF	2001 Georgetown G.O.	Totals 2005	2004
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,413	\$ 4,475
-	-	-	-	-	-	2,770	2,529
-	-	-	-	-	-	7,183	7,004
25,000	25,000	15,000	15,000	25,000	12,825	537,175	437,175
11,878	11,878	19,106	14,868	14,075	8,842	519,414	475,085
36,878	36,878	34,106	29,868	39,075	21,667	1,056,589	912,260
(36,878)	(36,878)	(34,106)	(29,868)	(39,075)	(21,667)	(1,049,406)	(905,256)
36,878	36,878	34,106	29,868	39,075	21,667	1,056,589	912,260
-	-	-	-	-	-	7,183	7,004
-	-	-	-	-	-	78,378	71,374
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 85,561	\$ 78,378

CITY OF FRANKENMUTH  
CAPITAL PROJECTS FUNDS

DDA Project

Kingsbrook/E. Tuscola

Block Road Project

City of Frankenmuth  
Capital Projects Funds  
Balance Sheet  
June 30, 2005  
(With Comparative Totals as of June 30, 2004)

	DDA Project	Kingsbrook/ E. Tuscola	Block Road Project	Totals 2005	2004
<u>Assets</u>					
Cash	\$ -	\$ 324,488	\$ -	\$ 324,488	\$ 352,625
Accounts Receivable	-	-	1,200	1,200	2,265
Accrued Interest Receivable	-	357	-	357	-
Due from other funds	42,203	-	-	42,203	877,906
Due from other governmental units	-	-	-	-	290
Total Assets	<u>\$ 42,203</u>	<u>\$ 324,845</u>	<u>\$ 1,200</u>	<u>\$ 368,248</u>	<u>\$ 1,233,086</u>
<u>Liabilities and Fund Balance</u>					
Liabilities					
Accounts payable	\$ 11,083	\$ 4,966	\$ -	\$ 16,049	\$ 252,686
Due to other funds	-	-	1,200	1,200	202,514
Total Liabilities	<u>11,083</u>	<u>4,966</u>	<u>1,200</u>	<u>17,249</u>	<u>455,200</u>
Fund balance	31,120	319,879	-	350,999	777,886
Total Liabilities and Fund Balances	<u>\$ 42,203</u>	<u>\$ 324,845</u>	<u>\$ 1,200</u>	<u>\$ 368,248</u>	<u>\$ 1,233,086</u>

See independent auditor's report.



City of Frankenmuth  
Capital Projects Funds  
Statement of Revenue, Expenditures and Changes in Fund Balance  
For the Year Ended June 30, 2005  
(With Comparative Totals for the Year Ended June 30, 2004)

	DDA Project	Kingsbrook/ E. Tuscola	Block Road Project	Totals 2005	2004
Customer					
Federal Revenue	\$ 90,886	\$ -	\$ -	\$ 90,886	\$ 74,481
Contributions	-	142,778	-	142,778	555,293
Revenue Interest	-	1,444	-	1,444	4,411
Special assessments	-	-	129,878	129,878	-
Total Revenue	<u>90,886</u>	<u>144,222</u>	<u>129,878</u>	<u>364,986</u>	<u>634,185</u>
Expenditures					
Bonding Expenditures	-	-	-	-	25,128
Capital Project	<u>498,232</u>	<u>-</u>	<u>-</u>	<u>498,232</u>	<u>1,455,355</u>
Total Expenditures	<u>498,232</u>	<u>-</u>	<u>-</u>	<u>498,232</u>	<u>1,480,483</u>
Excess (Deficiency) of Revenues over Expenses	<u>(407,346)</u>	<u>144,222</u>	<u>129,878</u>	<u>(133,246)</u>	<u>(846,298)</u>
Other Financing Sources					
Transfers in	-	-	15,686	15,686	43,404
Transfers (out)	-	(163,763)	(145,564)	(309,327)	(269,789)
Bond Proceeds	-	-	-	-	1,800,000
Total Other Financing Sources	-	(163,763)	(129,878)	(293,641)	1,573,615
Excess (Deficiency) of Revenues Over Other Financing Sources (Uses)	<u>(407,346)</u>	<u>(19,541)</u>	<u>-</u>	<u>(426,887)</u>	<u>727,317</u>
Fund Balance, Beginning	<u>438,466</u>	<u>339,420</u>	<u>-</u>	<u>777,886</u>	<u>50,569</u>
Fund Balance, Ending	<u>\$ 31,120</u>	<u>\$ 319,879</u>	<u>\$ -</u>	<u>\$ 350,999</u>	<u>\$ 777,886</u>

See independent auditor's report.

CITY OF FRANKENMUTH  
WASTE WATER ENTERPRISE FUND

City of Frankenmuth  
Waste Water Treatment Enterprise Fund  
Statements of Net Assets  
June 30, 2005 and 2004

<u>Assets</u>	<u>2005</u>	<u>2004</u>
Current Assets		
Cash	\$ 291,612	\$ 299,286
Accounts receivable	187,488	151,590
Special assessments receivable	53,263	51,363
Inventory		
Supplies	3,330	3,282
Chemicals	2,353	2,389
Prepaid Expenses	13,883	16,738
	<u>551,929</u>	<u>524,648</u>
Total Current Assets		
Restricted Assets		
Accounts Receivable	8,582,503	9,080,347
Total Restricted Assets	<u>8,582,503</u>	<u>9,080,347</u>
Other Assets		
Special assessments receivable net of current portion	<u>586,940</u>	<u>619,020</u>
Property, Plant, & Equipment		
Land	6,090	6,090
Buildings and Equipment	17,805,994	17,786,443
Machinery and Equipment	982,920	905,978
Collection Systems	2,886,832	2,743,333
Furniture and fixtures	30,255	30,255
Less accumulated depreciation	<u>(10,286,863)</u>	<u>(9,440,057)</u>
Net Property, Plant and Equipment	<u>11,425,228</u>	<u>12,032,042</u>
Total Assets	<u>\$ 21,146,600</u>	<u>\$ 22,256,057</u>

See independent auditor's report.

City of Frankenmuth  
Waste Water Treatment Enterprise Fund  
Statements of Net Assets  
June 30, 2005 and 2004

<u>Liabilities and Fund Equity</u>	<u>2005</u>	<u>2004</u>
Current Liabilities		
Accounts Payable	\$ 14,616	\$ 14,045
Accrued Payroll	6,163	5,725
Due to other funds	20,945	23,019
Deferred Special		
Assessment Revenue	589,929	619,815
Current Portion of Long-Term Debt	707,350	647,000
Total Current Liabilities	<u>1,339,003</u>	<u>1,309,604</u>
Long-Term Liabilities		
Bonds Payable (net of current		
portion and unamortized discount)	<u>7,642,334</u>	<u>8,359,634</u>
Total Liabilities	<u>8,981,337</u>	<u>9,669,238</u>
Net Assets		
Investment in capital assets-		
Net of related debt	3,075,544	3,025,406
Restricted	9,598,622	10,464,200
Unrestricted	(508,903)	(902,787)
Total Net Assets	<u>12,165,263</u>	<u>12,586,819</u>
Total Liabilities and		
Net Assets	<u>\$ 21,146,600</u>	<u>\$ 22,256,057</u>

See independent auditor's report.

City of Frankenmuth  
Waste Water Treatment Enterprise Fund  
Statement of Revenues, Expenses and Changes in Net Assets  
Budget and Actual  
For the Year Ended June 30, 2005  
(With Comparative Actual Amounts for the Year Ended June 30, 2004)

	2005			2004
	Budget	Actual	Over (Under) Budget	Actual
Operating Revenues				
Sewage Disposal Charges				
Industrial	\$ 11,000	\$ 15,552	\$ 4,552	\$ 15,397
Residential	362,000	407,657	45,657	365,425
Commercial	391,000	383,883	(7,117)	388,248
Major commercial	203,000	179,532	(23,468)	187,822
Municipality	7,300	6,108	(1,192)	6,163
Penalties on late payments	8,000	8,112	112	7,661
Total Operating Revenues	<u>982,300</u>	<u>1,000,844</u>	<u>18,544</u>	<u>970,716</u>
Operating Expenses				
Transmission Maintenance	218,500	113,687	(104,813)	95,606
Sewage Purification	1,416,300	1,409,736	(6,564)	1,392,713
Administration	202,750	214,760	12,010	227,631
Customer Services	-	1,162	1,162	715
Total Operating Expenses	<u>1,837,550</u>	<u>1,739,345</u>	<u>(98,205)</u>	<u>1,716,665</u>
Operating Income (Loss)	<u>(855,250)</u>	<u>(738,501)</u>	<u>116,749</u>	<u>(745,949)</u>
Non-Operating Revenues (Expense)				
Interest	26,000	38,741	12,741	35,416
Transfer from (to) other funds	-	-	-	139,480
Special Assessments	25,000	59,719	34,719	91,404
Miscellaneous	2,000	2,846	846	2,969
Total Non-Operating Revenues (Expenses)	<u>53,000</u>	<u>101,306</u>	<u>48,306</u>	<u>269,269</u>
Income before other revenues	(802,250)	(637,195)	165,055	(476,680)
Other Revenue				
Capital Contributions	-	215,639	215,639	216,442
Total Other Revenue	<u>-</u>	<u>215,639</u>	<u>215,639</u>	<u>216,442</u>
Increase (decrease) in net assets	<u>\$ (802,250)</u>	<u>\$ (421,556)</u>	<u>\$ 380,694</u>	<u>\$ (260,238)</u>

See independent auditor's report.

City of Frankenmuth  
Waste Water Treatment Enterprise Fund  
Statement of Changes in Net Assets and Contributions in Aid of Construction  
For the Year Ended June 30, 2005

	Retained Earnings	Contributions in Aid of Construction				Totals
		Federal	State	Municipality	Customers	
Balance, June 30, 2004	\$ 2,272,619	\$ 559,148	\$ 177,422	\$ 425,689	\$ 9,151,941	\$ 12,586,819
Increase (decrease) in Net Assets	285,396	(91,057)	(9,564)	(29,778)	(576,553)	(421,556)
Balance, June 30, 2005	<u>\$ 2,558,015</u>	<u>\$ 468,091</u>	<u>\$ 167,858</u>	<u>\$ 395,911</u>	<u>\$ 8,575,388</u>	<u>\$ 12,165,263</u>

See independent auditor's report.

City of Frankenmuth  
Waste Water Treatment Enterprise Fund  
Statement of Operating Expenses  
Budget and Actual

For the Year Ended June 30, 2005

(With Comparative Actual Amounts for the Year Ended June 30, 2004)

	2005			2004
	Budget	Actual	Over (Under)	Actual
			Budget	
Transmission Maintenance				
Wages and Salaries	\$ 45,000	\$ 44,357	\$ (643)	\$ 45,234
Repairs and Maintenance	8,500	11,943	3,443	4,088
Equipment Rental	20,000	18,801	(1,199)	17,913
Contracted Services	145,000	38,586	(106,414)	28,371
Total Transmission Maintenance	<u>218,500</u>	<u>113,687</u>	<u>(104,813)</u>	<u>95,606</u>
Sewage Purification				
Wages and Salaries	207,000	204,071	(2,929)	192,209
Operating Supplies	7,000	5,381	(1,619)	9,892
Chemicals	45,000	42,642	(2,358)	39,099
Tools and Supplies	13,500	13,307	(193)	23,846
Utilities	120,000	126,458	6,458	121,693
Building and Grounds Maintenance	50,800	34,744	(16,056)	39,023
Equipment Maintenance	22,000	30,938	8,938	27,290
Equipment Rental	6,500	6,522	22	359
Contracted Services	97,500	98,867	1,367	104,444
Equipment	22,000	-	(22,000)	-
Depreciation	825,000	846,806	21,806	834,858
Total Sewage Purification	<u>1,416,300</u>	<u>1,409,736</u>	<u>(6,564)</u>	<u>1,392,713</u>
Administration				
Administration	40,000	40,000	-	32,000
Wages and Salaries	8,200	9,872	1,672	10,609
Fringe Benefits	90,000	102,784	12,784	100,883
Office Supplies	4,200	2,884	(1,316)	2,988
Safety Equipment	2,500	2,250	(250)	3,670
Professional Services	2,000	2,880	880	19,233
Computer Services	1,000	1,905	905	1,145
Equipment Maint. & Support	2,000	1,882	(118)	1,553
Association Dues	350	374	24	196
Telephone, Pagers	8,800	6,163	(2,637)	10,989
Transportation and Conference	8,200	11,405	3,205	10,404
Insurance	30,000	25,665	(4,335)	30,994
Contracted Services	2,500	1,416	(1,084)	567
Computer Administration	2,000	2,000	-	2,000
Regulating Fees	1,000	3,280	2,280	400
Total Administration	<u>202,750</u>	<u>214,760</u>	<u>12,010</u>	<u>227,631</u>
Customer Service				
Wages and Salaries	-	655	655	505
Supplies	-	181	181	29
Equipment Rental	-	326	326	181
Total Customer Service	<u>-</u>	<u>1,162</u>	<u>1,162</u>	<u>715</u>
Total Operating Expenses	<u>\$ 1,837,550</u>	<u>\$ 1,739,345</u>	<u>\$ (98,205)</u>	<u>\$ 1,716,665</u>

See independent auditor's report.

City of Frankenmuth  
Waste Water Treatment Enterprise Fund  
Comparative Statements of Cash Flows  
For the Years Ended June 30, 2005 and 2004

	2005	2004
Cash Flows From Operating Activities		
Increase (decrease) in Net Assets	\$ (421,556)	\$ (260,238)
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation	846,806	834,858
Decrease (increase) in		
Accounts receivable	(35,898)	1,249
Special assessments	30,180	70,962
Due from other funds	-	157,558
Inventory	(12)	2,177
Prepaid expenses	2,855	(8,273)
Restricted accounts receivable	497,844	394,638
Increase (decrease) in		
Accounts payable	571	(76,508)
Accrued payroll	438	1,006
Due to other funds	(2,074)	23,019
Deferred special assessment revenue	(29,886)	(65,941)
Net Cash Provided by Operations	<u>889,268</u>	<u>1,074,507</u>
Cash Flows From Investing Activities		
(Increase) Decrease in Investments		
Acquisition of property, plant and equipment	<u>(239,992)</u>	<u>(284,288)</u>
Net Cash Provided (Used) by Investing Activities	<u>(239,992)</u>	<u>(284,288)</u>
Cash Flows From Financing Activities		
Payment of long-term debt	(656,950)	(591,494)
Reissue of bonds	-	(139,479)
Net Cash Provided (Used) by Financing Activities	<u>(656,950)</u>	<u>(730,973)</u>
Net Increase (Decrease) in Cash	(7,674)	59,246
Cash and cash equivalents, Beginning	299,286	240,040
Cash and cash equivalents, Ending	<u>\$ 291,612</u>	<u>\$ 299,286</u>

See independent auditor's report.



CITY OF FRANKENMUTH  
WATER ENTERPRISE FUND

City of Frankenmuth  
Water Enterprise Fund  
Statements of Net Assets  
June 30, 2005 and 2004

<u>Assets</u>	<u>2005</u>	<u>2004</u>
Current Assets		
Cash	\$ 771,252	\$ 594,522
Accounts receivable	159,986	170,287
Special assessments receivable	6,650	6,668
Due from other funds	-	386
Due from other governmental units	-	228
Inventory	40,000	54,913
Prepaid Expenses	9,135	9,852
Total Current Assets	<u>987,023</u>	<u>836,856</u>
Restricted Assets		
Accounts Receivable	<u>1,338,400</u>	<u>1,426,400</u>
Total Restricted Assets	<u>1,338,400</u>	<u>1,426,400</u>
Other Assets		
Special assessments receivable net of current portion	<u>80,957</u>	<u>78,401</u>
Property, Plant, & Equipment		
Land	16,873	16,873
Buildings	174,723	174,723
Water Towers	533,842	533,842
Machinery and Equipment	237,520	212,520
Meters and Boxes	326,016	318,594
Distribution System	5,555,815	5,122,821
Furniture and Fixtures	43,750	28,750
Less accumulated depreciation	<u>(3,300,109)</u>	<u>(3,078,448)</u>
Net Property, Plant and Equipment	<u>3,588,430</u>	<u>3,329,675</u>
Total Assets	<u>\$ 5,994,810</u>	<u>\$ 5,671,332</u>

See independent auditor's report.

City of Frankenmuth  
Water Enterprise Fund  
Statements of Net Assets  
June 30, 2005 and 2004

<u>Liabilities and Fund Equity</u>	<u>2005</u>	<u>2004</u>
Current Liabilities		
Accounts Payable	\$ 107,625	\$ 111,053
Accrued Payroll	229	36
Due to other funds	5,921	-
Deferred Special		
Assessment Revenue	78,791	78,047
Current Portion of Long-Term Debt	90,700	88,000
Total Current Liabilities	<u>283,266</u>	<u>277,136</u>
Long-Term Liabilities		
Bonds Payable (net of current portion)	<u>1,247,700</u>	<u>1,338,400</u>
Total Liabilities	<u>1,530,966</u>	<u>1,615,536</u>
Net Assets		
Investment in capital assets-		
Net of related debt	2,250,030	1,903,275
Restricted	2,774,029	2,854,015
Unrestricted	<u>(560,215)</u>	<u>(701,494)</u>
Total Net Assets	<u>4,463,844</u>	<u>4,055,796</u>
Total Liabilities and Net Assets	<u>\$ 5,994,810</u>	<u>\$ 5,671,332</u>

See independent auditor's report.

City of Frankenmuth  
Water Enterprise Fund  
Statements of Revenues, Expenses and Changes in Net Assets  
Budget and Actual  
For the Year Ended June 30, 2005  
(With Comparative Actual Amounts for the Year Ended June 30, 2004)

	2005			2004
	Budget	Actual	Over (Under) Budget	Actual
Operating Revenues				
Water Sales, City	\$ 1,170,000	\$ 1,420,581	\$ 250,581	\$ 850,535
Water Sales, Township	240,000	239,060	(940)	168,807
Penalties on Late Payments	7,000	10,301	3,301	6,001
Hydrant Rental	8,000	8,000	-	8,000
Federal grant	-	248,596	248,596	-
Other Revenue	2,500	10,966	8,466	10,124
Total Operating Revenues	<u>1,427,500</u>	<u>1,937,504</u>	<u>510,004</u>	<u>1,043,467</u>
Operating Expenses				
Distribution System				
Maintenance, Township	18,000	13,412	(4,588)	13,193
Distribution System				
Maintenance, City	149,700	117,246	(32,454)	91,452
Purification	1,432,800	1,398,467	(34,333)	911,381
Administration	126,500	131,926	5,426	105,272
Customer Services	66,000	37,472	(28,528)	47,433
Total Operating Expenses	<u>1,793,000</u>	<u>1,698,523</u>	<u>(94,477)</u>	<u>1,168,731</u>
Operating Income (Loss)	<u>(365,500)</u>	<u>238,981</u>	<u>604,481</u>	<u>(125,264)</u>
Non-Operating Revenues (Expense)				
Interest	5,000	13,803	8,803	4,549
Special Assessments	15,000	58,047	43,047	37,362
Total Non-Operating Revenues (Expenses)	<u>20,000</u>	<u>71,850</u>	<u>51,850</u>	<u>41,911</u>
Income before other revenues	<u>(345,500)</u>	<u>310,831</u>	<u>656,331</u>	<u>(83,353)</u>
Other Revenues				
Capital Contributions	-	97,217	97,217	116,497
Total Other Revenues	<u>-</u>	<u>97,217</u>	<u>97,217</u>	<u>116,497</u>
Net Income (Loss)	<u>\$ (345,500)</u>	<u>\$ 408,048</u>	<u>\$ 753,548</u>	<u>\$ 33,144</u>

See independent auditor's report.

City of Frankenmuth  
Water Enterprise Fund  
Statements of Changes in Net Assets and Contributions in Aid of Construction  
For the Year Ended June 30, 2005

	Retained Earnings	Contributions in Aid of Construction			Totals
		State	Municipality	Customers	
Balance, June 30, 2004	\$ 1,201,781	\$ 1,150	\$ 114,833	\$ 2,738,032	\$ 4,055,796
Increase (decrease) in Net Assets	<u>486,089</u>	<u>(31)</u>	<u>(5,885)</u>	<u>(72,125)</u>	<u>408,048</u>
Balance, June 30, 2005	<u>\$ 1,687,870</u>	<u>\$ 1,119</u>	<u>\$ 108,948</u>	<u>\$ 2,665,907</u>	<u>\$ 4,463,844</u>

See independent auditor's report.

City of Frankenmuth  
Water Enterprise Fund  
Statement of Operating Expenses  
Budget and Actual  
For the Year Ended June 30, 2005  
(With Comparative Actual Amounts for the Year Ended June 30, 2004)

	2005			2004
	Budget	Actual	Over (Under) Budget	Actual
Operating Expenses				
Distribution System				
Maintenance, Township				
Wages and Salaries	\$ 11,000	\$ 8,905	\$ (2,095)	\$ 10,096
Other	7,000	4,507	(2,493)	3,097
Total Distribution System				
Maintenance, Township	18,000	13,412	(4,588)	13,193
Distribution System				
Maintenance, City				
Wages and Salaries	68,000	74,859	6,859	56,365
Repairs and Maintenance	10,000	8,688	(1,312)	11,399
Equipment Rental	16,000	17,861	1,861	13,942
Contracted Services	55,700	15,838	(39,862)	9,746
Total Distribution System				
Maintenance, City	149,700	117,246	(32,454)	91,452
Purification				
Wages and Salaries	52,000	56,794	4,794	54,774
Operating Supplies	500	819	319	-
Tools and Supplies	3,000	1,854	(1,146)	1,318
Utilities	1,600	1,414	(186)	1,360
Water Purchase	1,100,000	1,110,345	10,345	536,254
Building and Grounds				
Maintenance	5,500	3,643	(1,857)	4,302
Equipment Maintenance	3,000	1,582	(1,418)	1,195
Contracted Services	65,200	283	(64,917)	95,467
Equipment Rental	-	72	72	289
Depreciation	202,000	221,661	19,661	216,422
Total Purification	1,432,800	1,398,467	(34,333)	911,381

See independent auditor's report.

City of Frankenmuth  
Water Enterprise Fund  
Statement of Operating Expenses  
Budget and Actual  
For the Year Ended June 30, 2005  
(With Comparative Actual Amounts for the Year Ended June 30, 2004)

	2005			2004
	Budget	Actual	Over (Under) Budget	Actual
Administration				
Administration, general	\$ 26,000	\$ 26,000	\$ -	\$ 20,500
Fringe Benefits	29,000	32,751	3,751	31,061
Office Supplies	1,200	979	(221)	1,666
Postage	2,100	1,815	(285)	1,799
Safety Equipment	750	691	(59)	650
Computer Services	250	-	(250)	509
Association Dues	-	366	366	14,608
Telephone, Pagers, Cell	2,800	2,970	170	2,820
Professional Services	28,500	32,169	3,669	-
Regulatory Fees	900	883	(17)	860
Transportation and Conference	12,000	14,093	2,093	11,547
Insurance	16,000	14,651	(1,349)	16,507
Computer Administration	2,000	2,000	-	2,000
Contracted Services	5,000	2,558	(2,442)	745
Total Administration	<u>126,500</u>	<u>131,926</u>	<u>5,426</u>	<u>105,272</u>
Customer Service				
Wages and Salaries	29,000	27,651	(1,349)	31,641
Supplies	2,500	415	(2,085)	3,174
Equipment Rental	13,000	8,918	(4,082)	12,332
Contracted Services	21,500	488	(21,012)	286
Total Customer Service	<u>66,000</u>	<u>37,472</u>	<u>(28,528)</u>	<u>47,433</u>
Total Operating Expenses	<u>\$ 1,793,000</u>	<u>\$ 1,698,523</u>	<u>\$ (94,477)</u>	<u>\$ 1,168,731</u>

See independent auditor's report

City of Frankenmuth  
Water Enterprise Fund  
Comparative Statements of Cash Flows  
For the Years Ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Cash Flows From Operating Activities		
Increase (decrease) in Net Assets	\$ 408,048	\$ 33,144
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation	221,661	216,422
Decrease (increase) in		
Due From Other Funds	386	(386)
Accounts Receivable	10,301	(63,288)
Due from other governmental units	228	(228)
Special Assessments	(2,538)	8,596
Inventory	14,913	(309)
Prepaid Expenses	717	(2,771)
Restricted Accounts Receivable	88,000	83,600
Increase (decrease) in		
Accounts Payable	(3,428)	54,280
Accrued Payroll	193	(19)
Due to Other Funds	5,921	(24,791)
Deferred Special Assessment Revenue	744	(6,207)
Net Cash Provided by Operations	<u>745,146</u>	<u>298,043</u>
Cash Flows From Investing Activities		
(Increase) Decrease in Investments		
Acquisition of Property, Plant and Equipment	<u>(480,416)</u>	<u>(134,462)</u>
Net Cash Provided (Used) by Investing Activities	<u>(480,416)</u>	<u>(134,462)</u>
Cash Flows From Financing Activities		
Payment of Long-Term Debt	<u>(88,000)</u>	<u>(83,600)</u>
Net Cash Provided (Used) by Financing Activities	<u>(88,000)</u>	<u>(83,600)</u>
Net Increase (Decrease) in Cash	176,730	79,981
Cash and cash equivalents, Beginning	594,522	514,541
Cash and cash equivalents, Ending	<u>\$ 771,252</u>	<u>\$ 594,522</u>

See independent auditor's report.



City of Frankenmuth  
Water Enterprise Fund  
Operating Statistics  
For the Year Ended June 30, 2005  
With Comparative Totals For the Year Ended June 30, 2004

	<u>Residential</u>	<u>Commercial Industrial</u>	<u>Municipal</u>	<u>Totals 2005</u>	<u>2004</u>
Average Number of Meters in Service	2,188	521	22	2,731	2,723
Water Utility					
Gallons Sold	124,002,000	182,271,000	9,797,000	316,070,000	322,558,000
Revenue From Sales	\$ 874,218	\$ 743,272	\$ 42,151	\$ 1,659,641	\$ 1,019,344

See independent auditor's report.

CITY OF FRANKENMUTH  
EQUIPMENT INTERNAL SERVICE FUND

City of Frankenmuth  
Equipment Internal Service Fund  
Statements of Net Assets  
June 30, 2005 and 2004

<u>Assets</u>	<u>2005</u>	<u>2004</u>
Current Assets		
Cash	\$ 197,946	\$ 280,098
Due from other funds	100,859	87,202
Inventory, supplies	1,214	1,169
Prepaid Expenses	10,756	9,632
Total Current Assets	<u>310,775</u>	<u>378,101</u>
Property and Equipment	1,672,728	1,508,828
Less: Accumulated depreciation	<u>(1,000,852)</u>	<u>(916,154)</u>
Net Property and Equipment	<u>671,876</u>	<u>592,674</u>
Total Assets	<u>\$ 982,651</u>	<u>\$ 970,775</u>
 <u>Liabilities and Net Assets</u>		
Current Liabilities		
Accounts Payable	\$ 8,863	\$ 6,072
Total Current Liabilities	<u>8,863</u>	<u>6,072</u>
Net Assets		
Investment in capital assets-		
Net of related debt	671,876	592,674
Unrestricted	<u>301,912</u>	<u>372,029</u>
Total Net Assets	<u>973,788</u>	<u>964,703</u>
Total Liabilities and Net Assets	<u>\$ 982,651</u>	<u>\$ 970,775</u>

See independent auditor's report.

City of Frankenmuth  
Equipment Internal Service Fund  
Statement of Revenues, Expenses, and Changes in Net Assets  
Budget and Actual  
For the Year Ended June 30, 2005  
(With Comparative Actual Amounts for the Year Ended June 30, 2004)

	2005			2004
	Budget	Actual	Over (Under) Budget	Actual
Operating Revenues				
Billing to Departments	\$ 350,100	\$ 355,722	\$ 5,622	\$ 344,525
Total Operating Revenues	<u>350,100</u>	<u>355,722</u>	<u>5,622</u>	<u>344,525</u>
Operating Expenses				
Motor Vehicle Maintenance				
Salaries and Wages	80,000	65,207	(14,793)	60,371
Benefits	23,000	19,511	(3,489)	18,236
Tools and Supplies	7,500	7,024	(476)	12,067
Gasoline and Oil	31,000	41,299	10,299	29,799
Repairs and Maintenance	78,600	76,100	(2,500)	64,600
Transportation	-	99	99	150
Depreciation	104,000	116,784	12,784	108,845
Total Motor Vehicle Maintenance Expense	<u>324,100</u>	<u>326,024</u>	<u>1,924</u>	<u>294,068</u>
Administration Expense				
Administration, general	18,000	18,000	-	15,000
Fleet Insurance	16,500	18,422	1,922	16,752
Total Administration Expense	<u>34,500</u>	<u>36,422</u>	<u>1,922</u>	<u>31,752</u>
Total Operating Expense	<u>358,600</u>	<u>362,446</u>	<u>3,846</u>	<u>325,820</u>
Operating Income	<u>(8,500)</u>	<u>(6,724)</u>	<u>1,776</u>	<u>18,705</u>
Non-Operating Revenues				
Interest	2,500	4,114	1,614	1,779
Sale of Fixed Assets	1,000	6,078	5,078	7,493
DPW Fringe Recovery	5,000	5,617	617	5,398
Total Non-Operating Revenue	<u>8,500</u>	<u>15,809</u>	<u>7,309</u>	<u>14,670</u>
Increase (decrease) in Net Assets	-	9,085	9,085	33,375
Net Assets, Beginning	964,703	964,703	-	931,328
Net Assets, Ending	<u>\$ 964,703</u>	<u>\$ 973,788</u>	<u>\$ 9,085</u>	<u>\$ 964,703</u>

See independent auditor's report.

City of Frankenmuth  
Equipment Internal Service Fund  
Comparative Statement of Cash Flows  
For the Years Ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Cash Flows From Operating Activities		
Increase (decrease) in Net Assets	\$ 9,085	\$ 33,375
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation	116,784	108,845
Gain on sale of fixed assets	(6,064)	(7,493)
Decrease (increase) in		
Accounts receivable	-	1,362
Due from other funds	(13,657)	(26,728)
Inventory, supplies	(45)	453
Prepaid expenses	(1,124)	(1,668)
Increase (decrease) in		
Accounts payable	2,791	(2,512)
Net Cash Provided (Used) by Operating Activities	<u>107,770</u>	<u>105,634</u>
Cash Flows From Investing Activities		
(Increase) Decrease in Investments		
Sale of equipment	6,067	7,491
Acquisition of equipment	<u>(195,989)</u>	<u>(150,480)</u>
Net Cash Provided (Used) by Investing Activities	<u>(189,922)</u>	<u>(142,989)</u>
Net Increase (Decrease) in Cash	(82,152)	(37,355)
Cash and cash equivalents, Beginning	280,098	317,453
Cash and cash equivalents, Ending	<u>\$ 197,946</u>	<u>\$ 280,098</u>

See independent auditor's report.

City of Frankenmuth  
Schedule of Indebtedness  
June 30, 2005

**Governmental Activities**  
**General Obligation Bonds**

	Date of Issue	Amount of Issue	Interest Rate	Annual Principal May 1	Semiannual Interest Payment November 1	Semiannual Interest Payment May 1	Total Fiscal Year Requirement
1997 DDA G.O.	8/1/1997	2,600,000					
2005-06			4.85	\$ 125,000	\$ 46,265	\$ 46,265	\$ 217,530
2006-07			4.85	135,000	43,234	43,233	221,467
2007-08			4.85	140,000	39,960	39,960	219,920
2008-09			4.95	145,000	36,565	36,565	218,130
2009-10			4.95	150,000	33,049	33,048	216,097
2010-11			5.00	155,000	29,336	29,336	213,672
2011-12			5.00	160,000	25,500	25,500	211,000
2012-13			5.00	165,000	21,500	21,500	208,000
2013-14			5.00	170,000	17,375	17,375	204,750
2014-15			5.00	175,000	13,125	13,125	201,250
2015-16			5.00	175,000	8,750	8,750	192,500
2016-17			5.70	175,000	4,375	4,375	183,750
Paid from DDA Funds Phase I				<u>\$ 1,870,000</u>	<u>\$ 319,034</u>	<u>\$ 319,032</u>	<u>\$ 2,508,066</u>

	Date of Issue	Amount of Issue	Interest Rate	Annual Principal October 1	Semiannual Interest Payment October 1	Semiannual Interest Payment April 1	Total Fiscal Year Requirement
1997 GF Streetscape	8/1/1997	1,200,000					
2005-06			4.70	\$ 55,000	\$ 22,690	\$ 21,398	\$ 99,088
2006-07			4.70	55,000	21,397	20,105	96,502
2007-08			4.80	60,000	20,105	18,665	98,770
2008-09			4.90	65,000	18,665	17,072	100,737
2009-10			5.00	65,000	17,073	15,447	97,520
2010-11			5.10	70,000	15,448	13,663	99,111
2011-12			5.15	75,000	13,662	11,731	100,393
2012-13			5.20	80,000	11,731	9,651	101,382
2013-14			5.25	85,000	9,651	7,420	102,071
2014-15			5.30	90,000	7,420	5,035	102,455
2015-16			5.30	95,000	5,035	2,517	102,552
2016-17			5.30	95,000	2,518	-	97,518
Paid from General Fund Phase I				<u>\$ 890,000</u>	<u>\$ 165,395</u>	<u>\$ 142,704</u>	<u>\$ 1,198,099</u>

See independent auditor's report.

City of Frankenmuth  
Schedule of Indebtedness (continued)  
June 30, 2005

	Date of Issue	Amount of Issue	Interest Rate	Annual Principal September 1	Semiannual Interest Payment		Total Fiscal Year Requirement
					September 1	March 1	
1999 G.O. Major Street	8/9/1999	332,000	5.12				
2005-06				\$ 25,000	\$ 5,463	\$ 4,863	\$ 35,326
2006-07				25,000	4,864	4,264	34,128
2007-08				25,000	4,263	3,657	32,920
2008-09				25,000	3,658	3,045	31,703
2009-10				20,000	3,045	2,545	25,590
2010-11				20,000	2,545	2,040	24,585
2011-12				20,000	2,040	1,530	23,570
2012-13				20,000	1,530	1,020	22,550
2013-14				20,000	1,020	510	21,530
2014-15				20,000	510	-	20,510
				<u>\$ 220,000</u>	<u>\$ 28,938</u>	<u>\$ 23,474</u>	<u>\$ 272,412</u>

	Date of Issue	Amount of Issue	Interest Rate	Annual Principal March 1	Semiannual Interest Payment		Total Fiscal Year Requirement
					September 1	March 1	
1999 Michigan Transportation Fund	10/27/1999	380,000	5.27				
2005-06				\$ 25,000	\$ 6,163	\$ 6,162	\$ 37,325
2006-07				25,000	5,537	5,538	36,075
2007-08				30,000	4,913	4,912	39,825
2008-09				30,000	4,162	4,163	38,325
2009-10				30,000	3,413	3,412	36,825
2010-11				35,000	2,647	2,648	40,295
2011-12				35,000	1,738	1,737	38,475
2012-13				30,000	810	810	31,620
				<u>\$ 240,000</u>	<u>\$ 29,383</u>	<u>\$ 29,382</u>	<u>\$ 298,765</u>

See independent auditor's report.

City of Frankenmuth  
Schedule of Indebtedness (continued)  
June 30, 2005

	Date of Issue	Amount of Issue	Interest Rate	Annual Principal May 1	Semiannual Interest Payment		Total Fiscal Year Requirement
					November 1	May 1	
2000 G.O. DDA North Main	5/1/2000	940,000	5.60				
2005-06				\$ 40,000	\$ 23,035	\$ 23,035	\$ 86,070
2006-07				40,000	21,975	21,975	83,950
2007-08				40,000	20,915	20,915	81,830
2008-09				50,000	19,855	19,855	89,710
2009-10				50,000	18,530	18,530	87,060
2010-11				50,000	17,205	17,205	84,410
2011-12				50,000	15,880	15,880	81,760
2012-13				50,000	14,542	14,543	79,085
2013-14				50,000	13,193	13,192	76,385
2014-15				50,000	11,830	11,830	73,660
2015-16				70,000	10,455	10,455	90,910
2016-17				75,000	8,512	8,513	92,025
2017-18				75,000	6,412	6,413	87,825
2018-19				75,000	4,294	4,293	83,587
2019-20				75,000	2,156	2,156	79,312
Paid from DDA Fund				<u>\$ 840,000</u>	<u>\$ 208,789</u>	<u>\$ 208,790</u>	<u>\$ 1,257,579</u>

	Date of Issue	Amount of Issue	Interest Rate	Annual Principal May 1	Semiannual Interest Payment		Total Fiscal Year Requirement
					November 1	May 1	
2001 DDA Phase 3	6/19/2001	1,300,000	4.96				
2005-06				\$ 45,000	\$ 29,416	\$ 29,416	\$ 103,832
2006-07				45,000	28,415	28,415	101,830
2007-08				50,000	27,413	27,414	104,827
2008-09				50,000	26,301	26,301	102,602
2009-10				55,000	25,189	25,188	105,377
2010-11				65,000	23,965	23,965	112,930
2011-12				70,000	22,519	22,518	115,037
2012-13				80,000	20,909	20,908	121,817
2013-14				85,000	19,028	19,029	123,057
2014-15				90,000	16,989	16,988	123,977
2015-16				90,000	14,806	14,806	119,612
2016-17				95,000	12,601	12,601	120,202
2017-18				100,000	10,250	10,250	120,500
2018-19				100,000	7,750	7,750	115,500
2019-20				105,000	5,250	5,250	115,500
2020-21				105,000	2,625	2,625	110,250
Paid from DDA Fund				<u>\$ 1,230,000</u>	<u>\$ 293,426</u>	<u>\$ 293,424</u>	<u>\$ 1,816,850</u>

See independent auditor's report.



City of Frankenmuth  
Schedule of Indebtedness (continued)  
June 30, 2005

	Date of Issue	Amount of Issue	Interest Rate	Semiannual Principal September 1 March 1	Semiannual Interest Payment		Total Fiscal Year Requirement
					September 1	March 1	
EDC Technology Park Land	9/1/2002	164,900	4.60				
2005-06				\$ 22,933	\$ 2,574	\$ 2,313	\$ 27,820
2006-07				24,000	2,046	1,774	27,820
2007-08				25,116	1,495	1,209	27,820
2008-09				26,285	917	618	27,820
2009-10				13,597	313	-	13,910
				<u>\$ 111,931</u>	<u>\$ 7,345</u>	<u>\$ 5,914</u>	<u>\$ 125,190</u>

	Date of Issue	Amount of Issue	Interest Rate	Semiannual Principal September 1 April 18	Semiannual Interest Payment		Total Fiscal Year Requirement
					October 18	April 18	
Harvey Kern Pavilion	10/18/2004	1,050,000	3.76				
2005-06				\$ 136,136	\$ 18,753	\$ 17,374	\$ 172,263
2006-07				141,362	16,158	14,743	172,263
2007-08				146,721	13,464	12,078	172,263
2008-09				152,219	10,866	9,178	172,263
2009-10				158,472	7,559	6,232	172,263
2010-11				164,343	4,745	3,175	172,263
2011-12				84,521	1,611	-	86,132
				<u>\$ 983,774</u>	<u>\$ 73,156</u>	<u>\$ 62,780</u>	<u>\$ 1,119,710</u>

**Business-type Activities**  
**General Obligation Bonds**

	Date of Issue	Amount of Issue	Interest Rate	Annual Principal October 1	Semiannual Interest Payment		Total Fiscal Year Requirement
					October 1	April 1	
2001 Waste Treatment Enterprise Fund W. Tuscola/ Georgetown	6/19/2001	300,000	5.07				
2005-06				\$ 20,000	\$ 5,843	\$ 5,394	\$ 31,237
2006-07				20,000	5,393	4,943	30,336
2007-08				20,000	4,944	4,494	29,438
2008-09				20,000	4,493	4,043	28,536
2009-10				20,000	4,042	3,594	27,636
2010-11				20,000	3,593	3,143	26,736
2011-12				25,000	3,144	2,581	30,725
2012-13				25,000	2,581	2,000	29,581
2013-14				25,000	2,000	1,375	28,375
2014-15				25,000	1,375	750	27,125
2015-16				30,000	750	-	30,750
				<u>\$ 250,000</u>	<u>\$ 38,158</u>	<u>\$ 32,317</u>	<u>\$ 320,475</u>

See independent auditor's report.

City of Frankenmuth  
Schedule of Indebtedness (continued)  
June 30, 2005

	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Annual Principal May 1</u>	<u>Semiannual Interest Payment</u>		<u>Total Fiscal Year Requirement</u>
					<u>November 1</u>	<u>May 1</u>	
1997 Waste Treatment Enterprise Fund Plant Expansion	3/17/1997	685,000	5.00				
2005-06				\$ 100,000	\$ 5,000	\$ 5,000	\$ 110,000
2006-07				100,000	2,500	2,500	105,000
				<u>\$ 200,000</u>	<u>\$ 7,500</u>	<u>\$ 7,500</u>	<u>\$ 215,000</u>

	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Annual Principal May 1</u>	<u>Semiannual Interest Payment</u>		<u>Total Fiscal Year Requirement</u>
					<u>November 1</u>	<u>May 1</u>	
Waste Treatment Enterprise Fund Plant Expansion,	2/18/2004	1,120,000					
2005-06			2.00	\$ 130,000	\$ 19,169	\$ 19,169	\$ 168,338
2006-07			2.00	135,000	17,869	17,869	170,738
2007-08			2.25	135,000	16,519	16,519	168,038
2008-09			5.00	140,000	15,000	15,000	170,000
2009-10			5.00	145,000	11,500	11,500	168,000
2010-11			5.00	155,000	7,875	7,875	170,750
2011-12			5.00	160,000	4,000	4,000	168,000
				<u>\$ 1,000,000</u>	<u>\$ 91,932</u>	<u>\$ 91,932</u>	<u>\$ 1,183,864</u>

	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Annual Principal January 1</u>	<u>Semiannual Interest Payment</u>		<u>Total Fiscal Year Requirement</u>
					<u>July 1</u>	<u>January 1</u>	
1997 Water Improvement	5/20/1997	940,000					
2005-06			5.25	\$ 40,000	\$ 19,216	\$ 19,216	\$ 78,432
2006-07			5.25	45,000	18,166	18,166	81,332
2007-08			5.30	45,000	16,985	16,985	78,970
2008-09			5.30	50,000	15,793	15,792	81,585
2009-10			5.40	50,000	14,468	14,467	78,935
2010-11			5.40	55,000	13,118	13,117	81,235
2011-12			5.50	60,000	11,633	11,632	83,265
2012-13			5.50	65,000	9,983	9,982	84,965
2013-14			5.60	70,000	8,195	8,195	86,390
2014-15			5.60	70,000	6,235	6,235	82,470
2015-16			5.70	75,000	4,275	4,275	83,550
2016-17			5.70	75,000	2,138	2,137	79,275
				<u>\$ 700,000</u>	<u>\$ 140,205</u>	<u>\$ 140,199</u>	<u>\$ 980,404</u>

See independent auditor's report.

City of Frankenmuth  
Schedule of Indebtedness (continued)  
June 30, 2005

	Date of Issue	Amount of Issue	Interest Rate	Annual Principal June 1	Semiannual Interest Payment		Total Fiscal Year Requirement
					December 1	June 1	
2001 Waste Treatment / Water Fund Enterprise Fund Saginaw County DPW Bond	10/16/2001	1,660,000	4.24				
2005-06				\$ 100,000	\$ 27,885	\$ 27,885	\$ 155,770
2006-07				105,000	26,260	26,260	157,520
2007-08				110,000	24,423	24,422	158,845
2008-09				115,000	22,415	22,415	159,830
2009-10				120,000	20,258	20,259	160,517
2010-11				125,000	17,949	17,948	160,897
2011-12				130,000	15,448	15,449	160,897
2012-13				135,000	12,816	12,816	160,632
2013-14				145,000	9,981	9,981	164,962
2014-15				150,000	6,864	6,863	163,727
2015-16				155,000	3,526	3,526	162,052
				<u>\$ 1,390,000</u>	<u>\$ 187,825</u>	<u>\$ 187,824</u>	<u>\$ 1,765,649</u>

	Date of Issue	Amount of Issue	Interest Rate	Annual Principal April 1	Semiannual Interest Payment		Total Fiscal Year Requirement
					October 1	April 1	
1999 G.O. SRF WTP	4/1/1998	6,645,000	2.25				
2005-06				\$ 305,000	\$ 55,688	\$ 55,688	\$ 416,376
2006-07				310,000	52,256	52,256	414,512
2007-08				320,000	48,769	48,769	417,538
2008-09				325,000	45,169	45,169	415,338
2009-10				335,000	41,513	41,513	418,026
2010-11				340,000	37,744	37,744	415,488
2011-12				350,000	33,919	33,919	417,838
2012-13				355,000	29,981	29,981	414,962
2013-14				365,000	25,988	25,988	416,976
2014-15				370,000	21,881	21,881	413,762
2015-16				380,000	17,719	17,719	415,438
2016-17				390,000	13,444	13,444	416,888
2017-18				400,000	9,056	9,056	418,112
2018-19				405,000	4,556	4,556	414,112
				<u>\$ 4,950,000</u>	<u>\$ 437,683</u>	<u>\$ 437,683</u>	<u>\$ 5,825,366</u>

See independent auditor's report.

City of Frankenmuth  
Schedule of Indebtedness (continued)  
June 30, 2005

**Governmental Activities**

**Special Assessment Bonds**

	Date of Issue	Amount of Issue	Interest Rate	Annual Principal October 1	Semiannual Interest Payment		Total Fiscal Year Requirement
					October 1	April 1	
2001 DDA Phase 3/Georgetown	6/19/2001	750,000	5.07				
2005-06				\$ 45,000	\$ 14,868	\$ 13,856	\$ 73,724
2006-07				40,000	13,856	12,956	66,812
2007-08				45,000	12,956	11,944	69,900
2008-09				45,000	11,943	10,931	67,874
2009-10				45,000	10,931	9,919	65,850
2010-11				40,000	9,918	9,019	58,937
2011-12				45,000	9,018	8,006	62,024
2012-13				45,000	8,006	6,960	59,966
2013-14				45,000	6,960	5,835	57,795
2014-15				40,000	5,835	4,835	50,670
2015-16				45,000	4,835	3,710	53,545
2016-17				15,000	3,710	3,313	22,023
2017-18				15,000	3,312	2,915	21,227
2018-19				15,000	2,915	2,518	20,433
2019-20				15,000	2,517	2,120	19,637
2020-21				15,000	2,120	1,723	18,843
2021-22				15,000	1,722	1,325	18,047
2022-23				15,000	1,325	928	17,253
2023-24				15,000	927	530	16,457
2024-25				10,000	530	265	10,795
2025-26				10,000	265	-	10,265
				<u>\$ 620,000</u>	<u>\$ 128,469</u>	<u>\$ 113,608</u>	<u>\$ 862,077</u>

	Date of Issue	Amount of Issue	Interest Rate	Annual Principal October 1	Semiannual Interest Payment		Total Fiscal Year Requirement
					October 1	April 1	
1997 S.A. DDA Phase I	8/1/1997	1,415,000					
2005-06			4.70	\$ 60,000	\$ 25,645	\$ 24,235	\$ 109,880
2006-07			4.70	60,000	24,235	22,825	107,060
2007-08			4.80	55,000	22,825	21,505	99,330
2008-09			4.90	60,000	21,505	20,035	101,540
2009-10			5.00	60,000	20,035	18,535	98,570
2010-11			5.10	60,000	18,535	17,005	95,540
2011-12			5.15	60,000	17,005	15,460	92,465
2012-13			5.20	55,000	15,460	14,030	84,490
2013-14			5.25	60,000	14,030	12,455	86,485
2014-15			5.30	60,000	12,455	10,865	83,320
2015-16			5.30	60,000	10,865	9,275	80,140
2016-17			5.30	55,000	9,275	7,818	72,093
2017-18			5.30	60,000	7,817	6,227	74,044
2018-19			5.30	60,000	6,228	4,637	70,865
2019-20			5.30	60,000	4,638	3,047	67,685
2020-21			5.30	60,000	3,048	1,457	64,505
2021-22			5.30	55,000	1,458	-	56,458
				<u>\$ 1,000,000</u>	<u>\$ 235,059</u>	<u>\$ 209,411</u>	<u>\$ 1,444,470</u>

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City of Frankenmuth  
Schedule of Indebtedness (continued)  
June 30, 2005

	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Annual Principal November 1</u>	<u>Semiannual Interest Payment</u>		<u>Total Fiscal Year Requirement</u>
Homestead Village	9/29/1988	295,000			November 1	May 1	
2005-06			7.70	\$ 15,000	\$ 2,502	\$ 1,925	\$ 19,427
2006-07			7.70	15,000	1,925	1,347	18,272
2007-08			7.70	15,000	1,348	770	17,118
2008-09			7.70	20,000	770	-	20,770
				<u>\$ 65,000</u>	<u>\$ 6,545</u>	<u>\$ 4,042</u>	<u>\$ 75,587</u>

  

	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Annual Principal September 1</u>	<u>Semiannual Interest Payment</u>		<u>Total Fiscal Year Requirement</u>
1999 S.A. Major Street	8/9/1999	332,000	5.13		September 1	March 1	
2005-06				\$ 25,000	\$ 5,464	\$ 4,864	\$ 35,328
2006-07				25,000	4,863	4,263	34,126
2007-08				25,000	4,264	3,658	32,922
2008-09				25,000	3,657	3,045	31,702
2009-10				20,000	3,045	2,545	25,590
2010-11				20,000	2,545	2,040	24,585
2011-12				20,000	2,040	1,530	23,570
2012-13				20,000	1,530	1,020	22,550
2013-14				20,000	1,020	510	21,530
2014-15				20,000	510	-	20,510
				<u>\$ 220,000</u>	<u>\$ 28,938</u>	<u>\$ 23,475</u>	<u>\$ 272,413</u>

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City of Frankenmuth  
Schedule of Indebtedness (continued)  
June 30, 2005

	Date of Issue	Amount of Issue	Interest Rate	Annual Principal September 1	Semiannual Interest Payment		Total Fiscal Year Requirement
					September 1	March 1	
1999 S.A. DDA North Main	12/29/1999	380,000	5.90				
2005-06				\$ 15,000	\$ 8,726	\$ 8,342	\$ 32,068
2006-07				15,000	8,341	7,958	31,299
2007-08				15,000	7,957	7,563	30,520
2008-09				15,000	7,564	7,170	29,734
2009-10				15,000	7,170	6,773	28,943
2010-11				15,000	6,772	6,367	28,139
2011-12				15,000	6,368	5,955	27,323
2012-13				15,000	5,955	5,535	26,490
2013-14				15,000	5,535	5,107	25,642
2014-15				15,000	5,108	4,673	24,781
2015-16				15,000	4,672	4,230	23,902
2016-17				15,000	4,230	3,780	23,010
2017-18				15,000	3,780	3,330	22,110
2018-19				15,000	3,330	2,880	21,210
2019-20				15,000	2,880	2,430	20,310
2020-21				20,000	2,430	1,830	24,260
2021-22				20,000	1,830	1,220	23,050
2022-23				20,000	1,220	610	21,830
2023-24				20,000	610	-	20,610
2024-25				\$ 305,000	\$ 94,478	\$ 85,753	\$ 485,231

	Date of Issue	Amount of Issue	Interest Rate	Annual Principal September 1	Semiannual Interest Payment		Total Fiscal Year Requirement
					September 1	March 1	
1999 S.A. DDA North Main Streetscape	6/22/2000	295,000	5.95				
2005-06				\$ 10,000	\$ 7,065	\$ 6,790	\$ 23,855
2006-07				15,000	6,790	6,378	28,168
2007-08				10,000	6,377	6,102	22,479
2008-09				15,000	6,103	5,690	26,793
2009-10				10,000	5,690	5,415	21,105
2010-11				15,000	5,415	5,003	25,418
2011-12				10,000	5,002	4,727	19,729
2012-13				10,000	4,728	4,448	19,176
2013-14				15,000	4,447	4,020	23,467
2014-15				10,000	4,020	3,730	17,750
2015-16				15,000	3,730	3,291	22,021
2016-17				10,000	3,291	2,996	16,287
2017-18				15,000	2,996	2,550	20,546
2018-19				10,000	2,550	2,250	14,800
2019-20				15,000	2,250	1,800	19,050
2020-21				10,000	1,800	1,500	13,300
2021-22				15,000	1,500	1,050	17,550
2022-23				10,000	1,050	750	11,800
2023-24				15,000	750	300	16,050
2024-25				10,000	300	-	10,300
				\$ 245,000	\$ 75,854	\$ 68,790	\$ 389,644

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City of Frankenmuth  
Schedule of Indebtedness (continued)  
June 30, 2005

	Date of Issue	Amount of Issue	Interest Rate	Annual Principal April 1	Semiannual Interest Payment		Total Fiscal Year Requirement
					October 1	April 1	
2004 GO Weiss Street	2/11/2004	1,800,000	4.24				
2005-06				\$ 60,000	\$ 33,945	\$ 33,945	\$ 127,890
2006-07				60,000	33,465	33,465	126,930
2007-08				60,000	32,880	32,880	125,760
2008-09				60,000	32,175	32,175	124,350
2009-10				60,000	31,380	31,380	122,760
2010-11				65,000	30,510	30,510	126,020
2011-12				70,000	29,470	29,470	128,940
2012-13				75,000	28,280	28,280	131,560
2013-14				80,000	26,930	26,930	133,860
2014-15				85,000	25,410	25,410	135,820
2015-16				90,000	23,731	23,731	137,462
2016-17				100,000	21,909	21,909	143,818
2017-18				110,000	19,809	19,809	149,618
2018-19				115,000	17,471	17,471	149,942
2019-20				120,000	14,970	14,970	149,940
2020-21				125,000	12,300	12,300	149,600
2021-22				130,000	9,487	9,488	148,975
2022-23				135,000	6,498	6,497	147,995
2023-24				140,000	3,325	3,325	146,650
				<u>\$ 1,740,000</u>	<u>\$ 433,945</u>	<u>\$ 433,945</u>	<u>\$ 2,607,890</u>

	Date of Issue	Amount of Issue	Interest Rate	Annual Principal September 1	Semiannual Interest Payment		Total Fiscal Year Requirement
					September 1	March 1	
2001 S.A. DDA Snowmelt	9/1/2001	490,000	4.29				
2005-06				\$ 25,000	\$ 8,643	\$ 8,249	\$ 41,892
2006-07				25,000	8,249	7,836	41,085
2007-08				25,000	7,836	7,399	40,235
2008-09				35,000	7,399	6,760	49,159
2009-10				40,000	6,760	6,000	52,760
2010-11				40,000	6,000	5,200	51,200
2011-12				40,000	5,200	4,390	49,590
2012-13				40,000	4,390	3,560	47,950
2013-14				40,000	3,560	2,700	46,260
2014-15				40,000	2,700	1,820	44,520
2015-16				40,000	1,820	920	42,740
2016-17				40,000	920	-	40,920
				<u>\$ 430,000</u>	<u>\$ 63,477</u>	<u>\$ 54,834</u>	<u>\$ 548,311</u>

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City of Frankenmuth  
Schedule of Indebtedness (continued)  
June 30, 2005

**Business-type Activities**  
**Special Assessment Bonds**

	Date of Issue	Amount of Issue	Interest Rate	Annual Principal October 1	Semiannual Interest Payment		Total Fiscal Year Requirement
					October 1	April 1	
2002 S.A. E.Tuscola Area	4/22/2002	1,225,000	4.38				
2005-06				\$ 90,000	\$ 21,980	\$ 20,180	\$ 132,160
2006-07				85,000	20,180	18,480	123,660
2007-08				90,000	18,480	16,680	125,160
2008-09				85,000	16,680	14,980	116,660
2009-10				90,000	14,980	13,180	118,160
2010-11				85,000	13,180	11,438	109,618
2011-12				90,000	11,437	9,570	111,007
2012-13				85,000	9,570	7,785	102,355
2013-14				90,000	7,785	5,850	103,635
2014-15				85,000	5,850	3,980	94,830
2015-16				90,000	3,980	1,955	95,935
2016-17				85,000	1,955	-	86,955
				<u>\$ 1,050,000</u>	<u>\$ 146,057</u>	<u>\$ 124,078</u>	<u>\$ 1,320,135</u>
Totals				<u>\$ 20,550,705</u>	<u>\$ 3,241,591</u>	<u>\$ 3,100,891</u>	<u>\$ 26,893,187</u>

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